

# EXHIBIT 9

**Jared Louzon**

**From:** Rafiq Zabrani <Rafiq.Zabrani@qvc.com>  
**Sent:** Thursday, June 1, 2017 11:03 AM  
**To:** Paulette Brown; Gabrielle Ceritano; Jill Pierson; Dennis Dangelo; Meghan Kane; Chris Mitchell  
**Cc:** Cheryl Baiocchi; Chris Mitchell; Alex Bird; John R. Teter; Mark Shaeffer  
**Subject:** RE: Hoverboard QA  
**Attachments:** FW: Hoverboard QA

Chris,

Appreciate you sending us the documents in attached emails. We are doing our best to transfer this item without requesting a new sample but it information is not matching. Only way we could do a transfer if the information provided for T34604 original sample matched the documents sent to us now. Below is the Lithium form which was approved for T34604, Manufacturer's name and battery part numbers do not match. If the battery has changed, we cannot do a transfer. That is why we have been trying to avoid delay and ask for a physical sample.

Battery mfg / supplier name: Shenzhen JETECH Energy Technology Co., Ltd.  
 QVC Item number: T34604 Battery part #: JT-BC200-01  
 (i.e. E123456) (i.e. CR2032)

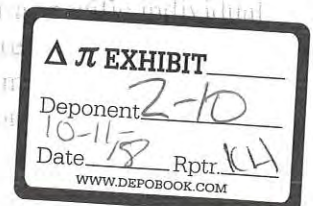
Battery mfg / supplier name: Shenzhen Elite Electronic Co. Ltd.  
 QVC Item number: T35011 Battery part #: HY-BSE-1002US  
 (i.e. E123456) (i.e.: CR2032)

Thanks  
 Rafiq



**Rafiq Zabrani**  
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# Lithium Battery Information Form

Vendor Name:

Battery mfg / supplier name:

QVC Item number:  Battery part #:   
(i.e. E123456) (i.e.: CR2032)

Vendor sku:  UL File #:

## Battery / Cell type

Ion / Polymer (Secondary / Rechargeable):

Metal / Alloy (Primary / Non-rechargeable):

Is it a Button cell battery?:

## Cell Information

Total quantity of cells in this product:

Equivalent lithium content per cell (Metal ONLY):

grams

Watt Hour rating per cell (Ion ONLY):

WH

Capacity: mAh

Volts:

## Battery Information (batteries composed of more than one cell)

Total quantity of batteries in this product:

Equivalent lithium content per battery (Metal ONLY):

grams

Watt Hour rating per battery (Ion ONLY):

WH

Capacity: mAh

Volts:

Digital Gadgets 279

# EXHIBIT 10

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

INTERWORKS UNLIMITED, INC., a )  
California Corporation, )  
 )  
Plaintiff, )  
 )  
vs. ) Case No. 2:17-cv-4983 AB KSx  
 )  
 )  
DIGITAL GADGETS, LLC; a New )  
Jersey limited liability company, )  
 )  
Defendants. )  
 )  
\_\_\_\_\_)  
AND ALL RELATED ACTIONS. )  
\_\_\_\_\_)

DEPOSITION OF  
CHARLES TEBELE

DATE: August 21, 2018

REPORTER: Cindy Afanador

LOCATION: 488 Madison Avenue  
Suite 1120  
New York, New York 10022



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1 UNITED STATES DISTRICT COURT  
2 CENTRAL DISTRICT OF CALIFORNIA

3 -----x

4 INTERWORKS UNLIMITED, INC., a  
5 California Corporation,  
6 Plaintiff,

7 -against-

8 DIGITAL GADGETS, LLC; a New Jersey  
9 limited liability company,  
10 Defendant.

11 Case No: 2:17-cv-4983 AB KSx

12 -----x

13 488 Madison Avenue  
14 New York, New York

15  
16 August 21, 2018  
17 10:01 a.m.

18  
19 Examination Before Trial of the  
20 Defendant by CHARLES TEBELE, pursuant to  
21 Notice, before CINDY A. AFANADOR, a Notary  
22 Public of the State of New York.  
23  
24  
25



<p>1 A P P E A R A N C E S: 2 LAW OFFICES OF ROGER C. HSU 3 Attorneys for Plaintiff 4 175 South Lake Avenue, Suite 210 5 Pasadena, California 91101 6 BY: ROGER C. HSU, ESQ. 7 8 LAZARUS &amp; LAZARUS, P.C. 9 Attorneys for Defendant 10 240 Madison Avenue, 8th Floor 11 New York, New York 10016 12 BY: HARLAN LAZARUS, ESQ. 13 14 BRUTZKUS GUBNER 15 Attorneys for Defendant 16 21650 Oxnard Street, Suite 500 17 Woodland Hills, California 91367 18 NOT PRESENT 19 20 21 22 23 24 25</p> <p>Page 2</p>	<p>1 conducted in this conference room, although 2 relatively informal, but the oath you just 3 took carries the same legal effect and force 4 as if you were testifying in a court of law; 5 do you understand that? 6 A. Yes. 7 Q. Okay. 8 At any time during your 9 deposition, if you don't understand my 10 question, please stop me and ask me to 11 rephrase it or repeat it until you fully 12 understand my question. 13 During your deposition today, 14 please ask me for breaks, or if your counsel 15 wants to have a break, I will do everything to 16 accommodate you, but there is only one thing 17 that I would ask you to accommodate me. When 18 there is a question pending, I would ask you 19 to provide answer to me before you take your 20 break; would that be acceptable to you? 21 A. Yes. 22 Q. Okay. 23 From time to time today, your 24 lawyer may object to my question, but if your 25 lawyer does not instruct you not to answer my</p> <p>Page 4</p>
<p>1 THE COURT REPORTER: Please state 2 your full name for the record. 3 THE WITNESS: Charles Tebele. 4 THE COURT REPORTER: What is your 5 address? 6 THE WITNESS: 570 Lexington 7 Avenue, New York, New York 10022. 8 C H A R L E S T E B E L E, called as a 9 witness, having been duly sworn by a 10 Notary Public, was examined and 11 testified as follows: 12 EXAMINATION BY 13 MR. HSU: 14 Q. Good morning. 15 A. Morning. 16 Q. Mr. Tebele, have you ever been 17 deposed before? 18 A. Yes. 19 Q. Okay. 20 While you were sitting here 21 yesterday, you might have heard some basic 22 ground rules of deposition. I'm just gonna 23 quickly go over them so you understand. 24 Today's deposition is being 25</p> <p>Page 3</p>	<p>1 question, in other words, if you don't hear 2 that instruction from your lawyer, you will 3 still have to answer my question. 4 Of course, if your lawyer does 5 instruct you not to answer, that would be a 6 different story, and then I would ask you at 7 the time whether you will comply with that 8 instruction, and then we'll move on from 9 there. 10 The court reporter can only take 11 down one person's statement at a time, so 12 please do not talk over each other, one 13 another, until I finish my question, or when 14 applicable, your lawyer finishes his objection 15 before you start answering my question. 16 Do you understand the difference 17 between a guess versus an estimate? 18 A. Yes. 19 Q. Okay. 20 After this deposition, you will 21 have an opportunity to review your deposition 22 transcript and make changes, if necessary. 23 Nonetheless, I have to caution 24 you now, if you do make any substantive change 25 such as changing from no to yes or yes to no,</p> <p>Page 5</p>

1 myself or my associate could make comments on  
2 your changes at trial and it would affect your  
3 credibility as a witness.  
4 MR. LAZARUS: I think you are  
5 going over the line in instructing the  
6 witness, and now you are counseling the  
7 witness on matters that I should be  
8 counseling him on, not you.  
9 If a change needs to be made, the  
10 change is going to be made, and the  
11 effect is for the judge to instruct the  
12 jury, not for you to instruct  
13 Mr. Tebele.  
14 Thank you.  
15 MR. HSU: I would take it that's  
16 your objection, Mr. Lazarus?  
17 MR. LAZARUS: Lazarus.  
18 MR. HSU: Lazarus.  
19 THE WITNESS: He did that  
20 yesterday too, to the other two.  
21 Q. Well, any objection from your  
22 attorney, Mr. Lazarus, he's doing this to  
23 preserve the record, so when there is a need  
24 in the future, then he and I will get into  
25 some kind of dispute in front of the judge,

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1 that's why he's doing this.  
2 Did you take any medication in  
3 the last 24 hours that would prevent you from  
4 giving your testimony today?  
5 A. No.  
6 Q. Okay.  
7 Other than Charlie Tebele, have  
8 you ever used any other name in the past?  
9 A. Charles.  
10 Q. Any other names?  
11 A. No.  
12 Q. What's your current occupation?  
13 A. Entrepreneur.  
14 Q. Excuse me, I didn't catch that.  
15 A. Entrepreneur.  
16 Q. Entrepreneur.  
17 Do you have an employer?  
18 A. Yes.  
19 Q. Who is that person?  
20 A. It's not a person.  
21 Q. When you say "it's not a person,"  
22 what is the employer? Who's the employer?  
23 A. Digital Gadgets; it's an entity.  
24 Q. Do you know the form of this  
25 business entity?

Page 7

1 A. Yes.  
2 Q. What is that?  
3 A. What is the form?  
4 Q. Correct.  
5 A. The form is the nature of the  
6 articles of how an organization is formed.  
7 Q. Was it a corporation?  
8 A. No.  
9 Q. Was it an LLC?  
10 A. Yes.  
11 Q. What is your current position at  
12 Digital Gadgets?  
13 A. President and CEO.  
14 Q. Do you own this company?  
15 A. Yes.  
16 Q. How long have you worked for your  
17 company, Digital Gadgets?  
18 A. About ten years.  
19 Q. Is it accurate to say that  
20 Digital Gadgets was established or formed  
21 about ten years ago?  
22 A. I'm not sure exactly when it was  
23 formed, but it might be a little bit more than  
24 ten years ago.  
25 Q. And you don't recall what year?

Page 8

1 A. I don't recall what year.  
2 Q. Okay.  
3 Other than officer and owner of  
4 Digital Gadgets, are you a director?  
5 Strike that.  
6 Are you the sole managing member  
7 of Digital Gadgets?  
8 A. I am the managing member.  
9 Q. Are you familiar with a company  
10 called Techpoint, LLC, one word,  
11 T-E-C-H-P-O-I-N-T?  
12 A. Yes.  
13 Q. And do you know any business  
14 affiliation between Techpoint, LLC and Digital  
15 Gadgets?  
16 A. Yes.  
17 Q. And what is that business  
18 affiliation?  
19 A. Techpoint, LLC sources certain  
20 products for Digital Gadgets and serves as an  
21 agency for sourcing products.  
22 Q. When you say "sourcing products,"  
23 can you explain to me what "sourcing" means?  
24 A. Means finding sources that have  
25 products that may be applicable for sale by

Page 9



1 **Digital Gadgets.**  
2 Q. Is it fair to say sourcing is  
3 like finding vendors of the products?  
4 **A. It's fair to say.**  
5 Q. Do you know an individual named  
6 Chris Mitchell?  
7 **A. Yes.**  
8 Q. Is he still working for Digital  
9 Gadgets?  
10 **A. No.**  
11 Q. Do you know who he currently  
12 works for?  
13 **A. No.**  
14 Q. Is he currently working for  
15 Techpoint, LLC?  
16 **A. No.**  
17 Q. By the way, Techpoint, LLC --  
18 **A. If I would not know who he's**  
19 **working for, how would I know if he is working**  
20 **for Techpoint, LLC?**  
21 Q. Well, that's a very good  
22 question.  
23 By the way, Chris Mitchell was  
24 employed by Digital Gadgets, correct?  
25 **A. I'm not sure. I don't believe**

Page 10

1 **so.**  
2 Q. Was Chris Mitchell ever employed  
3 by any company that had dealings with Digital  
4 Gadgets in the past?  
5 **A. You just asked me if Techpoint,**  
6 **LLC has an affiliation with Digital Gadgets,**  
7 **and you asked me if Chris Mitchell works for**  
8 **Techpoint, LLC.**  
9 Q. Right.  
10 **A. Now you are asking me if I know**  
11 **if Chris Mitchell had been employed by any**  
12 **company that had any dealings with Digital**  
13 **Gadgets?**  
14 Q. Right.  
15 **A. So I don't understand where the**  
16 **difference would be.**  
17 Q. Well, the difference -- let me  
18 try to ask another question, maybe it's the  
19 question that I asked was incorrect.  
20 Was Digital Gadgets, sorry not  
21 Digital, was Chris Mitchell once employed by  
22 Techpoint, LLC?  
23 **A. Yes.**  
24 Q. Do you know when he was employed  
25 by Techpoint, LLC?

Page 11

1 **A. I can estimate.**  
2 Q. Can you give me an estimate of  
3 when he was employed by Techpoint, LLC?  
4 **A. Roughly 2016 and 2017.**  
5 Q. Do you know when he left  
6 Techpoint, LLC?  
7 **A. Towards the end of 2017.**  
8 Q. Did you have any personal  
9 dealings with Techpoint, LLC?  
10 **A. As the president of Digital**  
11 **Gadgets.**  
12 Q. And how -- can you explain to  
13 me --  
14 **A. Techpoint, LLC was responsible**  
15 **for sourcing products for Digital Gadgets,**  
16 **then I would have dealings with, in my**  
17 **capacity of president of Digital Gadgets, have**  
18 **dealings with Techpoint, LLC.**  
19 Q. Did you personally form  
20 Techpoint, LLC?  
21 **A. No.**  
22 Q. Did you own any ownership  
23 interest in Techpoint, LLC?  
24 **A. Yes, in the past.**  
25 Q. And would that be 100 percent

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1 owned by you?  
2 **A. No.**  
3 Q. Majority owner of Techpoint, LLC?  
4 **A. I don't know.**  
5 Q. And is it fair to say that you  
6 had control on Techpoint, LLC at all times in  
7 the past?  
8 **A. No.**  
9 Q. Who's the current president of  
10 Techpoint, LLC?  
11 **A. There is no current president.**  
12 Q. And who is the managing member of  
13 Techpoint, LLC?  
14 **A. Today?**  
15 Q. Correct.  
16 **A. I'm not sure.**  
17 Q. Do you know back in 2016, let me  
18 give you a time frame, early 2017, who was the  
19 managing member at Techpoint, LLC?  
20 **A. No.**  
21 Q. When Chris Mitchell was employed  
22 by Techpoint, LLC, did you hire him?  
23 **A. I'm not sure who hired him. I**  
24 **might have been involved in the interviews.**  
25 Q. Do you know who else was involved

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1 in the interviews?  
2 **A. No.**  
3 **Q. Have you heard of Interworks**  
4 **Unlimited, Inc.?**  
5 **A. I've heard of the term**  
6 **Interworks, I don't know about the comma Inc.**  
7 **Q. Okay.**  
8 When did you first hear of this  
9 company?  
10 **A. I don't recall.**  
11 **Q. Have you ever met an individual**  
12 **named Eric Lu?**  
13 **A. Yes.**  
14 **Q. Do you recall when you met him?**  
15 **A. I believe it would be in**  
16 **January 2017.**  
17 **Q. Did you meet him in New York?**  
18 **A. I don't believe so.**  
19 **Q. Do you recall where you met him**  
20 **first?**  
21 **A. I recall that I met him in**  
22 **Las Vegas. I don't know if there were other**  
23 **meetings, but that's one that I recall.**  
24 **Q. Were you in Vegas for a trade**  
25 **show?**

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1 **A. Yes.**  
2 **Q. And what trade show was that?**  
3 **A. The CES trade show.**  
4 **Q. CES would stand for?**  
5 **A. Consumer Electronics. I don't**  
6 **know what the "S" is for. Show.**  
7 **Q. That's a good guess.**  
8 When you first met Eric Lu in  
9 Las Vegas for this trade show, what did you  
10 guys talk about?  
11 **A. (No response.)**  
12 **Q. Do you remember anything that you**  
13 **discussed with Eric Lu when you first met him?**  
14 **A. No.**  
15 **Q. Did he ever offer any of his**  
16 **merchandise to your company as a vendor?**  
17 **A. I believe when I met him we were**  
18 **already involved in some sort of business, but**  
19 **I don't know the sequence. I don't recall**  
20 **offhand the sequence of events.**  
21 **Q. Was Chris Mitchell there to?**  
22 **A. Yes.**  
23 **Q. At the meeting -- do you recall**  
24 **at the time the meeting taking place your**  
25 **company had already made purchase of**

Page 15

1 hoverboards from --  
2 **A. Are you stating that as a fact or**  
3 **are you asking me -- what's the question?**  
4 **Q. Do you remember at the time you**  
5 **first met Eric Lu your company had already**  
6 **made purchases from his company?**  
7 **A. Do I remember if my company**  
8 **already made purchases?**  
9 **Q. Yes.**  
10 **A. Again, just like I said before,**  
11 **I'm not clear on the timeline, but we**  
12 **purchased purchases from him and I met him.**  
13 **I'm not recalling the sequence of events.**  
14 **Q. So you don't remember when your**  
15 **company first purchased products from his**  
16 **company?**  
17 **A. In relation to when I met him,**  
18 **I'm not sure.**  
19 **Q. Okay.**  
20 Do you know what was the  
21 merchandise your company purchased from his  
22 company?  
23 **A. Hoverboards.**  
24 **Q. Before you came today, did you**  
25 **review any documents, intra-company, relating**

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1 to the purchase of these hoverboards?  
2 **A. I reviewed certain documents.**  
3 **Q. And what were these documents**  
4 **that you had reviewed?**  
5 **A. There were a production of**  
6 **documents, they were voluminous, I reviewed**  
7 **them to refresh my memory, but I don't know**  
8 **which documents -- I can't recall which**  
9 **documents or why. There were a lot of**  
10 **documents.**  
11 **Q. Did you review your company's**  
12 **purchase orders?**  
13 **A. Not particularly. I may have**  
14 **scanned them. I'm sure I scanned them.**  
15 **Q. Did you review the invoices**  
16 **issued by Interworks to your company?**  
17 **A. What do you mean by "review"?**  
18 **Q. Review, meaning look at the**  
19 **document and have -- for a certain purpose,**  
20 **and when you finished reading it, well, I**  
21 **can't give you a definition of review. Review**  
22 **means review.**  
23 **A. Then I can't answer it.**  
24 **Q. Well, have you had a chance to**  
25 **look at those documents?**

Page 17

<p>1 <b>A. I looked at them.</b> 2 Q. Okay. 3 The invoices -- with respect to 4 these invoices issued by Interworks to your 5 company, did you have a chance to look at 6 those invoices? 7 <b>A. When you say "these invoices," I</b> 8 <b>don't know what you mean.</b> 9 Q. Invoices of -- pertaining to the 10 hoverboards sold by Interworks to your 11 company. 12 <b>A. Is there a particular invoice you</b> 13 <b>are referencing?</b> 14 Q. Any invoice in the past. 15 <b>A. I've seen invoices, yes.</b> 16 Q. Do you recall how many invoices 17 that you looked at? 18 <b>A. No.</b> 19 Q. Was it more than one? 20 <b>A. I'm not sure.</b> 21 Q. Do you have a good idea of how 22 many units of the hoverboards your company 23 purchased from Interworks in the last three 24 years? 25 <b>A. No.</b></p> <p style="text-align: right;">Page 18</p>	<p>1 you recall what new products he was trying to 2 sell you? 3 <b>A. At this point, I couldn't recall</b> 4 <b>them, no.</b> 5 Q. Okay. 6 <b>A. It was beyond what we had or were</b> 7 <b>already discussing. He had a suite with lots</b> 8 <b>of products in it that he was looking to sell</b> 9 <b>to us.</b> 10 Q. Other than hoverboards, did 11 Interworks ever sell any products to Digital 12 Gadgets? 13 <b>A. I'm not sure.</b> 14 Q. Did you discuss with Eric Lu, 15 when you first met him, anything relating to 16 an exclusive distributorship agreement? 17 <b>A. I don't recall. In that meeting,</b> 18 <b>I don't recall what was discussed.</b> 19 Q. Subsequent to that meeting, did 20 you have any discussion with Eric Lu 21 pertaining to some kind of exclusive business 22 relationship with Interworks? 23 <b>A. Yes.</b> 24 Q. And do you recall when that 25 conversation took place?</p> <p style="text-align: right;">Page 20</p>
<p>1 Q. Was it more than 10,000 pieces? 2 <b>A. I just said I don't have an</b> 3 <b>idea. I don't have a good idea.</b> 4 Q. With passage of time you may not 5 have exact recollection of things, and that is 6 very natural. 7 I'm not asking you to give me the 8 exact units or numbers of hoverboards that 9 your company purchased from my client. All 10 I'm trying to figure out is if you have an 11 estimate of how many units? 12 <b>A. I don't have an estimate.</b> 13 Q. When you first met Eric Lu in 14 Las Vegas, did you discuss any payment terms 15 with respect to the goods that were being sold 16 to your company? 17 <b>A. I don't recall.</b> 18 Q. What do you recall, if at all, 19 any discussion that you had with Eric Lu, when 20 you first met him? 21 <b>A. I remember he was taking us</b> 22 <b>through some new products that he was coming</b> 23 <b>out with, and we were discussing the potential</b> 24 <b>business relationship between our companies.</b> 25 Q. When you say "new products," do</p> <p style="text-align: right;">Page 19</p>	<p>1 <b>A. No.</b> 2 Q. Do you recall what kind of 3 exclusive deal you were talking about? 4 <b>A. Yes.</b> 5 Q. Can you generally describe to me 6 the terms of such deal exclusivity? 7 <b>A. Generally, I can describe it.</b> 8 Q. Okay. 9 Can you help me describe it? 10 <b>A. Interworks asked us to market his</b> 11 <b>boards that he got stuck with to certain</b> 12 <b>accounts that we deal with, "we" being Digital</b> 13 <b>Gadgets, and have good relationships with</b> 14 <b>those retailers. And in exchange for us</b> 15 <b>marketing the boards to those retailers, being</b> 16 <b>that he was also in the business, the</b> 17 <b>arrangement was that we, Digital Gadgets,</b> 18 <b>would be the exclusive seller of certain</b> 19 <b>technology and boards to those retailers,</b> 20 <b>meaning no other seller could sell those</b> 21 <b>boards to those accounts.</b> 22 Q. And QVC was one of those 23 retailers? 24 <b>A. Yes.</b> 25 Q. When you had this discussion on</p> <p style="text-align: right;">Page 21</p>

1 this type of exclusivity agreement with  
2 Eric Lu, did you know at the time that  
3 Eric Lu's company had already been selling  
4 products to QVC, products, specifically  
5 hoverboards?  
6 **A. Yes.**  
7 Q. And you also know that QVC had  
8 completed its sample testing on Eric Lu's  
9 hoverboards and approved the quality of his  
10 hoverboards?  
11 **A. I couldn't know if they approved**  
12 **the quality on his hoverboards, quote/unquote.**  
13 Q. He never told you about that?  
14 **A. That's not what I said.**  
15 Q. Yeah, my question is: Did he  
16 ever tell you that he has submitted sample --  
17 samples of hoverboards to QVC for testing and  
18 it was approved?  
19 **A. He did say that his -- one of his**  
20 **boards was approved.**  
21 Q. Was that board Model C  
22 hoverboard?  
23 **A. I would need to refresh my memory**  
24 **or see documents to answer that question.**  
25 Q. Did your discussion with Eric Lu

Page 22

1 on this exclusive agreement ever lead to  
2 anything in writing?  
3 **A. I wouldn't know.**  
4 Q. Did you ever sign any exclusive  
5 agreement with Eric Lu's company?  
6 **A. I don't recall.**  
7 Q. When I say "you," I meant Digital  
8 Gadgets.  
9 Do you recall Digital Gadgets  
10 signed any written exclusive distributorship  
11 agreement?  
12 **A. I don't recall.**  
13 Q. Do you know when -- I think you  
14 previously said you don't remember when  
15 Digital Gadgets first purchased some  
16 hoverboards from Interworks?  
17 **A. I did say that.**  
18 Q. You did say that, right?  
19 **A. (Witness nodding.)**  
20 Q. Do you recall when was the very  
21 last time Digital Gadgets purchased any  
22 hoverboards from Interworks?  
23 **A. No.**  
24 Q. Are you familiar with a business  
25 entity called Phoenix Warehouse located in

Page 23

1 Santa Fe Springs in California?  
2 **A. I'm familiar with the name.**  
3 Q. Was this Phoenix Warehouse  
4 providing services to Digital Gadgets?  
5 **A. Yes.**  
6 Q. And for how long?  
7 **A. I don't know.**  
8 Q. Do you know that Phoenix  
9 Warehouse went out of business?  
10 **A. Yes.**  
11 Q. Do you know what year?  
12 **A. No.**  
13 Q. When you first met Eric Lu, did  
14 you have any discussion on getting a  
15 consignment deal from him?  
16 **A. I don't recall.**  
17 Q. Did you ever discuss with him at  
18 any time in the past that your company is  
19 willing to purchase hoverboards from his  
20 company based on consignment terms?  
21 **A. You just asked me if I discussed**  
22 **consignment with him and I said I don't**  
23 **recall. Now you are asking me something about**  
24 **consignment again. I'm not sure what you**  
25 **mean.**

Page 24

1 Q. The first question was the first  
2 time you met him.  
3 **A. Oh.**  
4 Q. The second question is, whenever  
5 in the past, did you ever have any discussion  
6 with him on that?  
7 **A. Possibly.**  
8 Q. How many times did you personally  
9 meet him, if you recall?  
10 **A. I don't recall.**  
11 Q. Was it more than one time?  
12 **A. I don't recall. I remember one**  
13 **time. I don't recall if there were more.**  
14 Q. I'm not sure if I got the answer  
15 from you.  
16 Do you recall ever discussing  
17 with him on the consignment term, ever in the  
18 past?  
19 **A. Again, I don't recall if I**  
20 **discussed consignment with him. I just don't**  
21 **recall.**  
22 Q. Do you recall having discussion  
23 with Eric Lu concerning Digital Gadgets'  
24 application for credit with a factor?  
25 **A. Application?**

Page 25

1 Q. Yes.  
2 A. No.  
3 Q. To your knowledge, did Digital  
4 Gadgets ever submit any application to a  
5 factor named Bibby?  
6 A. I recall there were conversations  
7 with Bibby, I don't know about an application.  
8 Q. You said you had some  
9 recollection about that name; do you remember  
10 anything about this factor, Bibby?  
11 A. I remember that Eric was very  
12 worried about his relationship with Bibby, and  
13 was desperate to satisfy them in terms of the  
14 transaction that we need to do.  
15 Q. Did Eric Lu request your company  
16 to submit your application to Bibby for  
17 Bibby's approval on --  
18 A. I remember on numerous occasions,  
19 he would ask either myself or Chris Mitchell  
20 to get involved with Bibby to satisfy them  
21 regarding the purchase, multiple occasions.  
22 Q. To sat --  
23 A. It was an urgent request.  
24 Q. It was an urgent request; do you  
25 remember when that happened?

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1 A. No.  
2 Q. And what was the purpose for  
3 Eric Lu to request you and Chris Mitchell to  
4 start talking to Bibby?  
5 A. You would have to ask him.  
6 Q. Was he trying to get your company  
7 approved by this vendor, so the vendor, I'm  
8 sorry, approved by this factor, so this factor  
9 can finance your purchase deals?  
10 A. You are asking me to answer what  
11 his state of mind to do something would be, I  
12 don't think that would be in my ability to  
13 swear to.  
14 Q. That's fair.  
15 Did you hear from anybody in your  
16 company regarding Bibby's decision on  
17 qualifying you, I mean your company, after the  
18 application was turned in?  
19 A. I did not understand that  
20 question at all.  
21 Q. Well, I think you previously  
22 testified that you don't remember any  
23 application that was ever submitted to  
24 Bibby --  
25 A. So I was answering you in terms

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1 of the word "application."  
2 Q. Right.  
3 A. It's a very broad, you know,  
4 might mean a piece of paper that's filled out,  
5 it might mean a phone call, it might mean an  
6 e-mail, it might mean a conversation, so what  
7 I was answering to was I don't remember if  
8 there was an application in the definition of  
9 application where a form might be filled out.  
10 Q. When you said "application" you  
11 meant a form, so you don't remember whether or  
12 not there was any written --  
13 A. Correct.  
14 Q. Do you recall any verbal  
15 application?  
16 A. I remember discussions.  
17 Q. With Bibby?  
18 A. Yes.  
19 Q. And who at Bibby?  
20 A. I don't recall.  
21 Q. Do you recall the gist of the  
22 conversation?  
23 A. Not particularly.  
24 What do you mean by "gist"?  
25 Q. The gist is the important -- the

Page 28

1 important part of that conversation.  
2 A. Bibby was trying to establish a  
3 credit line for Digital Gadgets.  
4 Q. With respect to the goods that  
5 your company purchased?  
6 A. I don't know with what respect, I  
7 just know the purpose of the gist, as you  
8 describe it, would be for them to establish a  
9 line. I would presume that that line would be  
10 allocated to Interworks to enable credit  
11 protected sales to Digital Gadgets.  
12 I don't think it would include  
13 sales, but I believe if he wanted to use his  
14 credit line, that that's what the conversation  
15 or the gist, as you call it, would be.  
16 Q. Do you know why that conversation  
17 had any relevance to Digital Gadgets?  
18 MR. LAZARUS: Objection to the  
19 form of the question.  
20 A. Yeah, I don't understand the  
21 question.  
22 Q. Well, do you know why you were on  
23 the phone -- were you on the phone with Bibby?  
24 A. Possibly.  
25 Q. Do you know why Bibby had to

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1 discuss a credit line of Interworks with you  
2 or your company?  
3 **A. You'd have to ask Bibby or**  
4 **Interworks.**  
5 Q. Was it because you were buying  
6 products from Interworks?  
7 **A. It could be a reason.**  
8 Q. Do you know any other reasons?  
9 **A. I don't wanna speculate as to**  
10 **reasons.**  
11 Q. Did you ever go to law school?  
12 **A. No.**  
13 Q. Did you ever personally involve  
14 (sic) in making any purchase orders for  
15 hoverboards?  
16 **A. Repeat the question.**  
17 Q. Have you ever personally involve  
18 in making any purchase order for buying  
19 hoverboards from Interworks (sic)?  
20 **A. Me personally?**  
21 Q. Yes.  
22 **A. No.**  
23 Q. That wasn't your job, right?  
24 **A. I didn't say that wasn't my job.**  
25 **I said I haven't been involved in issuing any**  
Page 30

1 **purchase orders to Interworks.**  
2 Q. By the way, we missed that, what  
3 was your job duties?  
4 **A. You did ask that.**  
5 Q. I did?  
6 **A. Yeah.**  
7 Q. Maybe I missed that.  
8 I don't think I asked that.  
9 You told me --  
10 **A. I said I was the president and**  
11 **CEO.**  
12 Q. That was the position I have  
13 down, but I never asked you your job duties.  
14 What are your job duties?  
15 **A. Honestly, I couldn't answer a**  
16 **question like that. As president/CEO of the**  
17 **company, your job duties are to ensure the**  
18 **company has objectives and meets its plans.**  
19 **That would be my definition.**  
20 Q. Do you supervise your company's  
21 operations?  
22 **A. Yes.**  
23 Q. Do you have to attend business  
24 meetings with vendors and customers from time  
25 to time?  
Page 31

1 **A. Yes.**  
2 Q. Do you have to be in charge of  
3 the company's finance?  
4 **A. I'm involved in finance. As the**  
5 **president and CEO, everything rolls up, but I**  
6 **don't do the financial day-to-day.**  
7 Q. Do you recall when Digital  
8 Gadgets started selling hoverboards to QVC?  
9 **A. No.**  
10 Q. Before Digital Gadgets started  
11 selling those hoverboards to QVC, was there a  
12 prior business relationship going between  
13 these two entities?  
14 **A. Which two?**  
15 Q. Digital Gadgets and QVC.  
16 **A. You need to rephrase the**  
17 **question.**  
18 Q. Before you started selling these  
19 hoverboards --  
20 **A. Which hoverboards?**  
21 Q. The hoverboards that you  
22 purchased, your company purchased from  
23 Interworks.  
24 **A. So you are asking prior to**  
25 **Digital Gadgets selling hoverboards --**  
Page 32

1 **Interworks hoverboards to QVC?**  
2 Q. Why don't I change it to a  
3 simpler question?  
4 When did you, if you recall, when  
5 did your company start doing business with  
6 QVC?  
7 **A. 2008 -- 2009, I'm sorry. 2009.**  
8 Q. Do you recall the very first  
9 product of merchandise your company was  
10 selling to QVC back in 2009?  
11 **A. No.**  
12 THE WITNESS: Can I pause you for  
13 a second?  
14 Can we take a five-minute break  
15 for a phone call prior to 11:00?  
16 MR. HSU: Sure.  
17 THE WITNESS: Now?  
18 MR. HSU: Let's do a ten-minute  
19 break now.  
20 THE WITNESS: Fine.  
21 (Recess taken.)  
22 BY MR. HSU:  
23 Q. Before Digital Gadgets placed any  
24 purchase order, do you have to review it and  
25 approve it?  
Page 33



<p>1 A. Me personally?</p> <p>2 Q. Yes.</p> <p>3 A. No. Doesn't preclude me from</p> <p>4 reviewing any.</p> <p>5 Q. If you want to, you could?</p> <p>6 A. Yes.</p> <p>7 MR. HSU: Let me attach these two</p> <p>8 documents; why don't we mark them as</p> <p>9 Exhibit 1 and 2.</p> <p>10 (Tebele Exhibit 1, Second Amended</p> <p>11 Notice of Taking Deposition of Charlie</p> <p>12 Tebele, marked for identification.)</p> <p>13 (Tebele Exhibit 2, Second Amended</p> <p>14 Notice of Taking Deposition of</p> <p>15 Defendant/Counterclaimant Digital</p> <p>16 Gadgets, LLC, marked for</p> <p>17 identification.)</p> <p>18 Q. These two exhibits or notices of</p> <p>19 deposition of you individually and notice of</p> <p>20 taking deposition of defendant, Digital</p> <p>21 Gadgets.</p> <p>22 The -- my understanding is that</p> <p>23 you have been designated as the person most</p> <p>24 knowledgeable about the issues in this case by</p> <p>25 your company, Digital Gadgets, right?</p> <p>Page 34</p>	<p>1 knowledge of any returns of hoverboards made</p> <p>2 by Digital Gadgets to Interworks?</p> <p>3 A. Personal knowledge that I'm</p> <p>4 carrying in my head, no. There may be</p> <p>5 documents to support in whatever we would</p> <p>6 submit.</p> <p>7 Q. Okay.</p> <p>8 A. Whether there were or weren't...</p> <p>9 Q. That's fair.</p> <p>10 Have you ever seen any documents</p> <p>11 in the possession of your company that had</p> <p>12 anything to do with the return that was</p> <p>13 referenced in number 14 here?</p> <p>14 A. I don't recall any specific</p> <p>15 documents.</p> <p>16 Q. Okay.</p> <p>17 A. That doesn't mean there aren't</p> <p>18 documents, that doesn't mean I didn't see</p> <p>19 them, but I don't know of any specific</p> <p>20 documents.</p> <p>21 Q. You might have seen them, but you</p> <p>22 don't remember at that point?</p> <p>23 A. Correct.</p> <p>24 MR. LAZARUS: Give me one second</p> <p>25 with Charlie.</p> <p>Page 36</p>
<p>1 A. (No response.)</p> <p>2 MR. LAZARUS: Yes.</p> <p>3 MR. HSU: Okay.</p> <p>4 Q. Now, fairly quickly, if you look</p> <p>5 at the Exhibit 2, the second amended notice of</p> <p>6 taking deposition of defendant, if you can</p> <p>7 help me go to the second page.</p> <p>8 A. (Witness complying.)</p> <p>9 Q. Look at the third page.</p> <p>10 A. (Witness complying.)</p> <p>11 Q. And you can see these categories</p> <p>12 being described on top of the pages number 10</p> <p>13 all the way through number 21, right?</p> <p>14 A. Yes.</p> <p>15 Q. Did you look at those categories</p> <p>16 before you came today?</p> <p>17 A. You are asking me if I saw this</p> <p>18 document before I came today?</p> <p>19 Q. Yes.</p> <p>20 A. I don't recall.</p> <p>21 Q. 14, if you look at that 14, says</p> <p>22 in a return of merchandise to the defendant</p> <p>23 that were previously purchased from the</p> <p>24 plaintiff.</p> <p>25 Do you have any personal</p> <p>Page 35</p>	<p>1 THE WITNESS: Yeah.</p> <p>2 (Recess taken.)</p> <p>3 A. So just to clarify, any returns,</p> <p>4 there would be paperwork if it was requested,</p> <p>5 that would substantiate whether there were</p> <p>6 terms or not in the submissions.</p> <p>7 Q. My previous question to you is,</p> <p>8 do you recall seeing any of those documents?</p> <p>9 A. In the ordinary course of</p> <p>10 business we returned product, so I don't</p> <p>11 recall specific documents, but, like I said,</p> <p>12 if there were documents and reports showed to</p> <p>13 me, I can identify whether they were returns</p> <p>14 or not based on those documents.</p> <p>15 Q. Sitting there, you don't have any</p> <p>16 specific recollections on any specific</p> <p>17 documents?</p> <p>18 A. Correct. However, you know,</p> <p>19 there are registers and documents and backup</p> <p>20 to what was returned and wasn't returned.</p> <p>21 Q. Let's move on to the next one.</p> <p>22 This will be -- you guys can share.</p> <p>23 It is a letter dated May 19,</p> <p>24 2017.</p> <p>25 MR. HSU: This will be Number 3.</p> <p>Page 37</p>

<p>1 (Tebele Exhibit 3, Document  2 bearing Bates stamp Interworks 7, marked  3 for identification.)  4 Q. This letter apparently was  5 written by Thomas Carulli, supposedly a lawyer  6 working for this firm. I'm looking at the  7 letterhead; Kaplan, Massamillo &amp; Andrews.  8 Have you ever seen this document?  9 A. Yes.  10 Q. Did you hire this law firm to  11 write this letter to Interworks?  12 A. Yes.  13 Q. And let's look at the first  14 paragraph.  15 Says "Dear Mr. Lu, we represent  16 Digital Gadgets, LLC. This is to place you on  17 notice that Interworks has violated the  18 exclusive right granted DG," that's Digital  19 Gadgets, "to sell Interworks products to and  20 through QVC, moreover, at a price less than  21 offered by Digital Gadgets, resulting in  22 significant and irreparable harm to Digital  23 Gadgets."  24 A. Yes, it was terrible.  25 Q. There are two issues raised by</p> <p style="text-align: right;">Page 38</p>	<p>1 multiple occasions, I spoke to QVC. I mean  2 this was a heavy issue, this wasn't a light  3 issue and we would never, as our company  4 policy, sell something that someone else  5 makes, to then have that company go and  6 compete with us on the same thing.  7 Q. Well, that's fair.  8 So Chris Mitchell reported this  9 to you; what did he tell you, if anything,  10 that you recall pertaining to this exclusive  11 right?  12 A. Look, I had many conversations  13 with Chris Mitchell and with Eric, but what I  14 will say is Interworks was in a jam, we helped  15 them, and explicit in the help was this  16 exclusive, which was being honored for a time,  17 but then at some point, Interworks decided to  18 go rogue and go behind our backs, so it was  19 not just implied, it was the tone of the  20 entire relationship. And, moreover, we were  21 discussing further exclusive and further  22 accounts, so it wasn't that it was this one  23 little thing, it was beyond that.  24 At some point, Interworks just  25 decided that they were gonna not honor it.</p> <p style="text-align: right;">Page 40</p>
<p>1 this paragraph. One, the first one was the  2 exclusive right. You don't recall seeing any  3 written documents or written agreements signed  4 by Interworks and Digital Gadgets pertaining  5 to this exclusive right?  6 A. I don't know about a written  7 agreement, however there is a certain  8 agreement without question between Interworks  9 and Digital Gadgets that when Digital Gadgets  10 was selling those goods to QVC, which  11 Interworks was stuck with and QVC canceled  12 their orders with, that Digital Gadgets would  13 fill Interworks' shoes as the exclusive  14 partner, there's no doubt about that.  15 Q. When you say "there's no doubt  16 about that," you know, what proof do you  17 recall?  18 MR. LAZARUS: Objection to the  19 form of the question.  20 Q. Let me ask you this: When you  21 say there's no doubt about this exclusive  22 right, have you ever seen any e-mails sent by  23 Eric Lu?  24 A. I've seen e-mails, I was on  25 conversations, I spoke to Chris Mitchell on</p> <p style="text-align: right;">Page 39</p>	<p>1 Q. Okay.  2 To your knowledge, is --  3 A. Which caused us a tremendous  4 amount of lost work and time and reputation.  5 Q. Do you know if Interworks is  6 currently selling hoverboards to QVC?  7 A. I don't understand the question.  8 Q. To your personal knowledge, is  9 Interworks selling hoverboards to QVC now?  10 A. At this moment, I don't know.  11 Are they in business?  12 Q. Which party is in business?  13 A. Is Interworks still in business?  14 Q. That's why I'm here.  15 A. I don't understand.  16 Q. Well, you know, maybe your  17 attorney can ask my client that question two  18 weeks from now.  19 A. Okay. I don't know if they are  20 selling it. I don't even know if they are in  21 business. I'm hearing all kinds of things in  22 the trade about deceptive things that they are  23 doing, so I don't know if they are there, they  24 are not there, they are selling, they are not  25 selling, I don't know.</p> <p style="text-align: right;">Page 41</p>

1 Q. You heard something about  
2 Interworks going out of business?  
3 A. I'm speculating. I'm wondering.  
4 I'm asking you.  
5 Q. Unfortunately, I can't give you  
6 that answer.  
7 But your attorney can ask my  
8 client a couple weeks from now, two, three  
9 weeks from now.  
10 A. Okay. I just don't wanna -- you  
11 are asking me if they are selling something, I  
12 don't even know if they are in business, so  
13 I'm trying to --  
14 Q. All I'm trying to get --  
15 A. How would I know what they are  
16 doing?  
17 Q. Did you hear from QVC that they  
18 are still selling to QVC?  
19 A. It's not something that I  
20 discussed with QVC on a daily basis.  
21 Q. Okay. That's a good answer.  
22 The -- if you look at the second  
23 paragraph, a reference of insurance coverage  
24 was mentioned. Do you know why lack of  
25 insurance coverage was an important issue at  
Page 42

1 the time when this letter was written?  
2 A. Why insurance is important?  
3 Q. Why lack of insurance coverage  
4 was an important issue?  
5 A. It's a requirement of doing  
6 business, and part of the product -- when QVC  
7 approves a product for sale, there are certain  
8 requirements. If insurance on that product is  
9 part of the approval, it becomes part of  
10 the -- you can't separate the insurance from  
11 the product. If QVC approves the product that  
12 has this cup with this holder with this lid,  
13 and you take off the lid, it's no longer the  
14 cup.  
15 You follow what I'm saying?  
16 Q. Yes, I follow.  
17 A. So if the board doesn't have the  
18 insurance and it was approved with the  
19 insurance, then the lack of the insurance  
20 makes the product not what it was represented  
21 to be.  
22 Q. Okay.  
23 The -- at the time, did you, I  
24 mean Digital Gadgets, have serious concern on  
25 lack of insurance coverage with respect to  
Page 43

1 these hoverboards supplied by Interworks?  
2 A. Doesn't the letter state that?  
3 Q. Yes, it does say that. I mean,  
4 I'm asking you -- well, let me try to ask  
5 another question.  
6 When you had this letter written  
7 to Interworks, did Interworks promptly show  
8 you sufficient insurance coverage to alleviate  
9 your such concern?  
10 A. Are you saying -- are you asking  
11 me if we had insurance I would still go and  
12 pay money to hire a lawyer and write a letter  
13 that we didn't have insurance?  
14 Q. No. The question is, after you  
15 sent this letter, after, did you or anybody  
16 else at Digital Gadgets receive satisfactory  
17 explanations from Interworks?  
18 A. I know that there was attempt to  
19 resolve the insurance issue by Interworks. I  
20 don't know if it was quote/unquote  
21 satisfactory, but I do know that there was  
22 certain actions taken as a result of this  
23 letter to mitigate what -- maybe what  
24 Interworks felt it needed to provide.  
25 Q. Subsequent to sending this  
Page 44

1 letter, did you realize that it was actually a  
2 non-issue?  
3 A. No.  
4 Q. Are you aware Digital Gadgets had  
5 to purchase insurance subsequent to sending  
6 this letter to Interworks?  
7 A. Am I aware that Digital Gadgets  
8 had to purchase -- if Interworks didn't solve  
9 the problem, then Digital Gadgets would have  
10 had to purchase insurance. I don't know the  
11 dates and times, but if we had to do something  
12 to mitigate damages, we would have done that  
13 based on our relationship with QVC.  
14 Q. Right, QVC would have required  
15 you, meaning your company, to provide that  
16 coverage, if Interworks failed to provide one,  
17 right?  
18 A. If it was provideable (sic) by  
19 us. It's not like you could just go out and  
20 like buying a pack of gum in the store, not  
21 like saying, okay, you don't have it, I'll do  
22 it, it's an intricate piece of equipment that  
23 many insurance companies will not insure.  
24 Q. Do you personally involve in  
25 obtaining or procuring such insurance coverage  
Page 45

1 after you realized that Interworks has failed  
2 to provide such coverage (sic)?  
3 **A. I don't recall exactly what**  
4 **insurance we might have bought, but subject to**  
5 **my review of documents I would be able to**  
6 **refresh my memory.**  
7 Q. You don't remember exactly what  
8 insurance coverage Digital Gadgets had to  
9 purchase?  
10 **A. Correct.**  
11 Q. Because Interworks failed to  
12 maintain one?  
13 **A. Correct, and I don't know if just**  
14 **Digital Gadgets purchasing insurance would be**  
15 **sufficient to remedy that breach.**  
16 Q. Do you have any recollection on  
17 how QVC was affected by this lack of  
18 insurance?  
19 **A. I don't have specific -- we have**  
20 **an obligation to fulfill the terms of our**  
21 **contracts with QVC. How it affects them on**  
22 **the other side, I don't know. We -- we, by**  
23 **virtue of our reputation, you asked me how**  
24 **long I'm doing business with them, which was**  
25 **from 2008, have to adhere to certain standards**  
Page 46

1 **around products and reputation for having**  
2 **insurance, and the lack of insurance is a**  
3 **large problem.**  
4 Q. Well, you may not recall seeing  
5 the insurance policy or you may not be  
6 personally involved in obtaining such  
7 insurance coverage?  
8 **A. Correct.**  
9 Q. But is it your recollection that  
10 Digital Gadgets had to go out and purchase  
11 insurance coverage to resolve this issue with  
12 QVC?  
13 **A. The ordinary course of business**  
14 **would be for us to do whatever needs to be**  
15 **done to mitigate and provide. I don't know**  
16 **what we provided or what we got or when.**  
17 **Based on me looking at documents I would be**  
18 **able to refresh my memory.**  
19 Q. But is it fair to say that you  
20 knew it was provided but you don't remember?  
21 **A. No, it's not fair to say.**  
22 Q. You don't remember the terms of  
23 the policy?  
24 **A. No, it's not fair to say.**  
25 Q. Okay.  
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1 Let's look at the next one, would  
2 be Number 4.  
3 (Tebele Exhibit 4, Document  
4 bearing Bates stamp Interworks 8, marked  
5 for identification.)  
6 Q. Next one is a short e-mail  
7 Bates number Interworks 8 at the bottom of the  
8 page.  
9 This e-mail was sent to Eric Lu  
10 by Thomas Carulli. Thomas Carulli was one of  
11 your lawyers retained by your company back  
12 then in May 2017, right?  
13 **A. You just asked me to testify that**  
14 **Thomas Carulli was an alleged lawyer on this**  
15 **letter; we said yes.**  
16 Q. Right.  
17 It's the same Thomas Carulli,  
18 correct?  
19 **A. Same one.**  
20 Q. And he stated on this e-mail that  
21 there is no reasonable dispute that Interworks  
22 granted Digital Gadgets the exclusive right to  
23 sell through QVC and Zulilly; who is Zulilly,  
24 to your understanding?  
25 **A. It's a retailer.**  
Page 48

1 Q. Is it an online retailer?  
2 **A. I guess you could call it that,**  
3 **yeah.**  
4 Q. Do they have retail shops?  
5 **A. I don't believe so.**  
6 Q. Do you recall Interworks signing  
7 any of the exclusive right to sell agreement  
8 with respect to Zulilly?  
9 **A. What was the question?**  
10 Q. Do you recall Interworks signing  
11 any written document or written agreement  
12 granting Digital Gadgets the exclusive right  
13 to sell through Zulilly with respect to  
14 Zulilly?  
15 **A. I don't recall signing an**  
16 **agreement.**  
17 MR. HSU: Next one will be 5.  
18 It's a one page e-mail.  
19 (Tebele Exhibit 5, Document  
20 bearing Bates stamp Interworks 22,  
21 marked for identification.)  
22 Q. Let me take it back. On this  
23 document Bates stamped Interworks number 22,  
24 consists of a number of e-mails, at least two.  
25 On top you see an e-mail from you to Eric Lu  
Page 49



1 dated February 17, 2017, subject was High  
2 Roller Returns from QVC.  
3 And you said to Eric "Noted on  
4 the below, we will work it out."  
5 And you further said "Do you know  
6 if Bibby spoke to Rosenthal?"  
7 Who's Rosenthal?  
8 **A. Rosenthal is the factor for**  
9 **Digital Gadgets.**  
10 Q. To your recollection, when you  
11 composed this e-mail to Eric, Digital Gadgets  
12 was trying to get a line of credit from Bibby?  
13 **A. I don't think the way you are**  
14 **phrasing it is proper.**  
15 Q. Let's look at the e-mail down  
16 below.  
17 This was written by Eric Lu on  
18 the same day to Chris and Charlie, and that  
19 Charlie is you, right?  
20 **A. That's me.**  
21 Q. And Chris is -- was Chris  
22 Mitchell?  
23 **A. Yes.**  
24 Q. Eric says here, "I can support  
25 you guys on the Mini."

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1 Do you know what Mini is?  
2 **A. It's a certain version of the**  
3 **hoverboard.**  
4 Q. Okay.  
5 "However, we still don't have our  
6 factor to approve you guys."  
7 Who was "our factor" referred to  
8 by Eric Lu here?  
9 **A. My assumption is, I mean I can't**  
10 **speak for him, but my assumption is Bibby.**  
11 Q. Okay.  
12 He further says "Like I had said  
13 before, I could give you guys terms only if  
14 our factor approves you. I have been nervous  
15 about Model C."  
16 Was the Model C the only model of  
17 Digital Gadgets purchased from Interworks?  
18 **A. I don't know.**  
19 Q. Is it your recollection that  
20 Bibby ultimately did not approve Digital  
21 Gadgets?  
22 **A. I don't know. I don't know.**  
23 **Digital Gadgets bought the goods from**  
24 **Interworks. Interworks shipped the goods.**  
25 **What it appears to me from this e-mail is**

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1 **after shipping the goods, and agreeing to**  
2 **terms and conditions with Digital Gadgets,**  
3 **Interworks then went to seek Bibby's approval,**  
4 **rather than getting it prior to him shipping**  
5 **it.**  
6 Q. Do you know why Interworks is  
7 trying to get Digital Gadgets hooked up with  
8 Bibby?  
9 **A. They wouldn't get them hooked up.**  
10 Q. Was it because Bibby will pay  
11 Interworks first for the account payable on  
12 the side of the Digital Gadgets?  
13 **A. The way I would understand how**  
14 **factoring would work, that would be a**  
15 **reasonable assumption, but I don't know what**  
16 **Bibby's relationship was.**  
17 **But it's clear to me that from**  
18 **this e-mail that the goods were shipped and**  
19 **then he seeked (sic) the credit approval from**  
20 **Bibby after -- not the other way around, which**  
21 **would be a traditional way to do it. So maybe**  
22 **he was in trouble with his factor or I don't**  
23 **know what, but...**  
24 Q. The reason he sent this letter,  
25 was it because he wanted to --

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1 **A. He wanted to sell us more goods.**  
2 Q. Exactly.  
3 **A. And even more goods on top of the**  
4 **fact that we already had goods, and wanted to**  
5 **give us more goods, but Bibby didn't approve**  
6 **it, and then on top of giving us more goods**  
7 **then go around and sell them behind our back**  
8 **and not have the insurance and all these**  
9 **things, that's basically, and me go do the**  
10 **work to make his factor happy, that's the way**  
11 **it looks like to me, like a whole big scheme.**  
12 Q. Let me ask you this: For all the  
13 goods that Digital Gadgets had purchased from  
14 Interworks, is it your recollection that all  
15 of these goods had been sold?  
16 **A. I don't know.**  
17 Q. And delivered to QVC or QVC's  
18 customers?  
19 **A. I don't know.**  
20 Q. Here on the second paragraph,  
21 Eric Lu said that Digital Gadgets still owes  
22 \$35,000, did this -- do you remember that this  
23 number is correct when he wrote this e-mail to  
24 you and Chris reminding you that Digital  
25 Gadgets still owed 35k to Interworks?

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<p>1 <b>A. The number might be correct, but</b> 2 <b>there might be a reason for it, so what he is</b> 3 <b>he stating is he got \$400,000 and there was a</b> 4 <b>balance of 35k.</b> 5 Q. 35k he says here is not so much, 6 so I don't want to chase you guys; do you 7 remember what was the unit price for each 8 hoverboard? 9 <b>A. I don't know.</b> 10 Q. Was it about a-hundred-something 11 bucks? 12 <b>A. I really don't remember. If it</b> 13 <b>was 35k outstanding, there would be a reason</b> 14 <b>for the 35k to be outstanding.</b> 15 Q. What would be the reason? 16 <b>A. There could be various reasons.</b> 17 Q. I don't want you to speculate. 18 <b>A. If you are asking me the reason</b> 19 <b>for this particular -- particular 35k --</b> 20 Q. I'm asking you that. I was 21 asking you for that. 22 <b>A. I don't have that reason. I</b> 23 <b>could refresh my memory looking at documents,</b> 24 <b>but off the top of my head, just as general</b> 25 <b>business practice there are many reasons that</b> Page 54</p>	<p>1 Q. Okay. 2 Also it could be -- it could be 3 based on approved discount by the vendor? 4 <b>A. Could be -- could be on a</b> 5 <b>discount, could be an advertising program,</b> 6 <b>could be.</b> 7 Q. Could be a lot of things? 8 <b>A. Could be a lot of things, but it</b> 9 <b>doesn't look out of line that on \$400,000</b> 10 <b>worth of payments there might be \$35,000 worth</b> 11 <b>of these things.</b> 12 Q. Right, and the 400k for the first 13 shipment, at the time only \$35,000 was owed 14 which is less than ten percent? 15 <b>A. Right.</b> 16 Q. But if you look at this e-mail 17 and the subsequent e-mail, there's nothing 18 mentioning about the reason for this balance 19 of 35k? 20 <b>A. Well, there is an e-mail trail</b> 21 <b>below it, but it's not there. This is just a</b> 22 <b>snippet of one e-mail.</b> 23 Q. Okay. 24 THE WITNESS: Can we take a 25 one-minute break or two-minute Page 56</p>
<p>1 <b>one company says that the amount owed is this,</b> 2 <b>the other company says what we owe is this and</b> 3 <b>there are mitigating reasons for the</b> 4 <b>reconciling differences.</b> 5 <b>You could send a client a bill</b> 6 <b>for \$13,600 for "X" amount of hours, and the</b> 7 <b>client can come back and say well, I have</b> 8 <b>record that you worked this many hours and pay</b> 9 <b>you that, and then there is reconciling</b> 10 <b>differences.</b> 11 Q. Well, one of the reasons, 12 generally speaking, between merchants for 13 mitigating or for disputing the invoices is 14 defective products, right? 15 <b>A. Could be one of the reasons.</b> 16 Q. Was it -- was a defective product 17 the reason that Digital Gadgets had not paid 18 or owed a balance of 35,000? 19 <b>A. It could be one of the reasons.</b> 20 <b>In a general sense QVC, due to the nature of</b> 21 <b>their business, returns products on a regular</b> 22 <b>basis, so there could be a reserve against</b> 23 <b>returns in transit or the reserve based on</b> 24 <b>what the estimated returns would be, that</b> 25 <b>could be.</b> Page 55</p>	<p>1 break? 2 MR. SHU: Sure. 3 (Recess taken.) 4 MR. HSU: Next in order will be 5 number 6. 6 (Tebele Exhibit 6, Document 7 bearing Bates stamps Interworks 42 8 through Interworks 54, marked for 9 identification.) 10 Q. Number 6 consists of e-mails of 11 twelve pages, a string of e-mails. 12 These document pages were 13 Bates stamped from number 42 through 54. 14 Let's start with number -- page number 1 or 15 Interworks 42, bottom right of the page. 16 The top e-mail was composed and 17 sent by Chris Mitchell to Sam, Gillian Yip, 18 Eric Lu and have you cc'd on it, the subject 19 was High Roller Model C Returns. The date of 20 this e-mail was April 6, 2017. Chris Mitchell 21 said "Hi, Sam, the goods are at the 22 warehouse." 23 The goods that he referred to in 24 this e-mail were Model C hoverboards? 25 MR. LAZARUS: That's a question? Page 57</p>



<p>1 Q. That's a question.</p> <p>2 Do you know that the goods being</p> <p>3 referred to here by Chris Mitchell were the</p> <p>4 Model C hoverboards sold by Interworks to your</p> <p>5 company?</p> <p>6 A. <b>That's what the header says, but</b></p> <p>7 <b>I don't know without looking through the back</b></p> <p>8 <b>e-mails.</b></p> <p>9 Q. That's fair.</p> <p>10 Let's go to -- you see the Bates</p> <p>11 number on the bottom right, right?</p> <p>12 A. <b>Yeah.</b></p> <p>13 Q. Let me just direct you to a</p> <p>14 specific page.</p> <p>15 Let's look at page 46.</p> <p>16 A. <b>Yes, so 46 says we are prepared</b></p> <p>17 <b>the trailers for pickup for total of 5763 --</b></p> <p>18 Q. 5,763 units of high roller</p> <p>19 hoverboard?</p> <p>20 A. <b>Right.</b></p> <p>21 Q. High roller hoverboard sold to</p> <p>22 your company by Interworks back then consists</p> <p>23 of only one model, which was Model C, correct?</p> <p>24 A. <b>I don't know. I would assume so.</b></p> <p>25 Q. All right.</p> <p>Page 58</p>	<p>1 5,700 units?</p> <p>2 A. <b>No.</b></p> <p>3 Q. Was it because Digital Gadgets</p> <p>4 told Interworks that I still have those 5,700</p> <p>5 units in our warehouse, you can come pick them</p> <p>6 all up if you want to?</p> <p>7 A. <b>It's possible. But I'm looking</b></p> <p>8 <b>at an e-mail on the string from Chris that</b></p> <p>9 <b>says the goods are at the warehouse, but we</b></p> <p>10 <b>were discussing with Eric about purchasing</b></p> <p>11 <b>more of them and waiting for more details</b></p> <p>12 <b>before finalizing, so I'm sure there were</b></p> <p>13 <b>subsequent conversations after April 6th about</b></p> <p>14 <b>this return.</b></p> <p>15 Q. Okay.</p> <p>16 Let's go over to 51, Interworks</p> <p>17 51.</p> <p>18 A. <b>(Witness complying.)</b></p> <p>19 Q. At the bottom right?</p> <p>20 A. <b>Yep.</b></p> <p>21 Q. You see at the bottom of this</p> <p>22 page, there is an e-mail from Chris Mitchell?</p> <p>23 A. <b>Yes.</b></p> <p>24 Q. Dated March 10, 2017 and Chris</p> <p>25 Mitchell was writing this e-mail to Sam? In</p> <p>Page 60</p>
<p>1 At all times in the past, do you</p> <p>2 know there were two different models of</p> <p>3 hoverboard sold by Interworks to Digital</p> <p>4 Gadgets, or there was only one model?</p> <p>5 A. <b>There were multiple models.</b></p> <p>6 Q. Are you aware of this return --</p> <p>7 are you aware of this term called RMA?</p> <p>8 A. <b>Yes.</b></p> <p>9 Q. And that's the initial for return</p> <p>10 merchandise authorization?</p> <p>11 A. <b>Yes.</b></p> <p>12 Q. And this number, 1393, for a</p> <p>13 total of 5,763 units of hoverboards?</p> <p>14 A. <b>Yes.</b></p> <p>15 Q. Do you know what happened to this</p> <p>16 RMA number 1393 with respect to the 5,763</p> <p>17 units of hoverboards?</p> <p>18 A. <b>No.</b></p> <p>19 Q. Do you know that Interworks</p> <p>20 intended to pick them all up after the e-mail</p> <p>21 was sent by Sam to Chris Mitchell along with</p> <p>22 other people?</p> <p>23 A. <b>(No response.)</b></p> <p>24 Q. Let me ask you this: Did you</p> <p>25 know why Interworks wanted to pick up those</p> <p>Page 59</p>	<p>1 this e-mail Chris Mitchell outlined a</p> <p>2 proposal. Did he tell you -- you were cc'd on</p> <p>3 this e-mail to, right?</p> <p>4 A. <b>I don't know.</b></p> <p>5 Q. If you look --</p> <p>6 A. <b>Yeah, I'm cc'd on this e-mail.</b></p> <p>7 Q. Right.</p> <p>8 And then --</p> <p>9 A. <b>But I'm not sure if this one -- I</b></p> <p>10 <b>see the one from Eric. I see one from Chris,</b></p> <p>11 <b>I don't know if I'm cc'd on it.</b></p> <p>12 Q. Okay.</p> <p>13 Did Chris Mitchell report to you</p> <p>14 about this proposal?</p> <p>15 A. <b>Yes.</b></p> <p>16 Q. That he was making to Eric, and</p> <p>17 this proposal involves a number of payments at</p> <p>18 different times and it also -- also a number</p> <p>19 of hoverboard at a discounted price, 160. If</p> <p>20 you look at the bottom of Interworks 51, Chris</p> <p>21 Mitchell said we'll be keeping a thousand</p> <p>22 boards at the 160; do you know that was a</p> <p>23 discounted price that he was proposing?</p> <p>24 A. <b>I don't know that it was a</b></p> <p>25 <b>discounted price.</b></p> <p>Page 61</p>

<p>1 Q. And then you go to the next page 2 and essentially we agreed to pay weekly for 3 what is sold. We agree to send a sales report 4 on Monday from the prior week and then a wire 5 on the coming Friday. 6 A. Yeah, I see that. 7 Q. Right around the time, meaning 8 March 10, 2017, when this e-mail was sent to 9 Interworks by Chris Mitchell, do you know how 10 much of the invoice of Interworks issued to 11 Digital Gadgets were not paid or were not 12 satisfied? 13 A. If you are asking me knowing the 14 amount now looking, no, I wouldn't. I would 15 be able to look at reports and refresh my 16 memory and provide it. 17 Q. Okay. 18 If you look at the second 19 paragraph from the top, on Interworks 52 for 20 the remaining 30 percent outstanding, we agree 21 to pay a third of the remaining 30 percent. 22 Did Interworks ever agree with this proposal, 23 to your understanding? 24 A. It says here we had a 25 conversation with Eric and here I have</p> <p>Page 62</p>	<p>1 Is it your understanding, prior 2 to this day, the written exclusive contract 3 had not been drafted by anybody? 4 A. It's not my understanding. I 5 don't know that there was or there wasn't, but 6 what this looks like to me is that they were 7 talking about other accounts, and maybe based 8 on all the back and forth, it looks like they 9 wanted to outline it in the contract based on 10 whatever conversation they had. 11 Q. Did Chris Mitchell ever discuss 12 with you before he sent this proposal to Eric 13 Lu? 14 A. Yes. 15 Q. Was Chris Mitchell correct in 16 stating that there was 5,000 plus of 17 hoverboards that you had in inventory at the 18 time? 19 A. I don't understand the question. 20 Q. Well, it says Chris Mitchell said 21 we will take remaining boards, 5,000 plus that 22 we have in inventory. 23 A. So what's the question? 24 Q. The question is: To your 25 recollection, was Chris Mitchell correct in</p> <p>Page 64</p>
<p>1 outlined the implication of next steps, so I 2 don't know -- then I see Eric saying confirm. 3 So looks to me that he did. 4 Q. Let's go to the next page. 5 A. Next page of what? 6 Q. Next page of this document. 7 A. What number? 8 Q. Interworks 53, very next. 9 A. (Witness complying.) 10 Q. There is only one e-mail on this 11 page, and then we'll continue on to the next 12 page. This is an e-mail composed and sent by 13 Chris Mitchell on April 16, 2017 to Eric Lu, 14 subject, our proposal, and then here Chris 15 Mitchell was proposing, as you can see down 16 below, one, will take remaining boards 5,000 17 plus that we have in inventory. 18 Second line, we'll pay 50 percent 19 on May 1, the other 50 percent on June 5 wire. 20 There's some other terms being proposed -- oh, 21 the third line says by him, he said, with 22 that, "we need the exclusive contract drafted 23 per" our discussion -- "per our conversation. 24 Need to know we are being protected in our 25 class of trade moving your boards."</p> <p>Page 63</p>	<p>1 saying that Digital Gadgets still had over 2 5,000 units of hoverboards in inventory? 3 A. I would assume that to be 4 correct. 5 Q. Do you know subsequent to this 6 e-mail sent to Eric Lu, did Interworks and 7 Digital Gadgets ever reach an agreement with 8 respect to this proposal? 9 A. Can you please repeat the 10 question? Is this -- 11 Q. There is a proposal as reflected 12 on this e-mail, did this proposal ever lead to 13 any written agreement? 14 A. I don't know. 15 Q. Chris Mitchell was general 16 manager when he sent this e-mail out to 17 Eric Lu, right? 18 A. What was the question? 19 Q. Was he -- what was the job title? 20 Let's look at Interworks 54, the very next 21 page. 22 A. (Witness reviewing.) 23 Q. See on top "Talk soon. Thanks, 24 Eric. Chris. Chris Mitchell, general 25 manager"?</p> <p>Page 65</p>

<p>1 <b>A. Yes, Chris was the general</b> 2 <b>manager.</b> 3 Q. Was he always the general manager 4 when he was working for Digital Gadgets? 5 <b>A. He was working for Techpoint,</b> 6 <b>LLC.</b> 7 Q. Techpoint, LLC, okay. 8 And Techpoint, LLC was 9 outsourcing vendors for Digital Gadgets? 10 <b>A. Sourcing.</b> 11 Q. Sourcing. 12 Do you know what happened to the 13 remaining 5,000-plus hoverboards in inventory? 14 <b>A. No.</b> 15 Q. Were these records eventually all 16 sold to QVC and/or its customers? 17 <b>A. I don't know all -- what</b> 18 <b>quantity. I know some boards were sold, I</b> 19 <b>don't know the exact numbers or what's</b> 20 <b>remaining or what's left.</b> 21 Q. Who at Digital Gadgets would have 22 that personal knowledge? 23 <b>A. Personal knowledge nobody would</b> 24 <b>have, but we would have access to reports and</b> 25 <b>computer generated reports to see who they</b> Page 66</p>	<p>1 <b>number to answer based on the amount of</b> 2 <b>activity that goes on in the warehouse or in</b> 3 <b>accounts payable.</b> 4 <b>You follow what I'm saying?</b> 5 Q. Yeah, I'm following what you are 6 saying. 7 All the information, the items 8 you just made reference to, you had the 9 ability to get in your company's computer and 10 put that -- have them all printed out on 11 paperwork after you have time to go over them, 12 you would have pretty good idea of how many 13 units were sold? 14 <b>A. Correct.</b> 15 Q. And how much money was paid by 16 QVC, how much money was paid by Digital 17 Gadgets to Interworks with respect to these 18 goods? 19 <b>A. Yes.</b> 20 Q. And you had the ability to do 21 that because you have access into your 22 company's computer? 23 <b>A. Yes.</b> 24 MR. HSU: This will be number 7. 25 (Tebele Exhibit 7, Document Page 68</p>
<p>1 <b>were sold to, when they were sold and what's</b> 2 <b>remaining. No one would retain personal</b> 3 <b>knowledge of numbers like that.</b> 4 Q. Well, you were here yesterday 5 with Mr. Asamoah, remember that, Mr. Asamoah? 6 <b>A. Yes.</b> 7 Q. He was in charge of the POs and 8 invoices and receiving report; he would have 9 that personal knowledge of how many? 10 <b>A. Of how many were sold, no.</b> 11 Q. What about Ms. Gillian Yip, she 12 was in charge of warehousing? 13 <b>A. Yes.</b> 14 Q. Specifically the shipments of 15 products to QVC's customers or QVC; would she 16 have personal knowledge of how many units were 17 sold to QVC and/or its customers? 18 <b>A. Please refer to my statement. My</b> 19 <b>statement is that nobody would retain such</b> 20 <b>personal knowledge unless they were guessing.</b> 21 <b>The amounts are reflected in our</b> 22 <b>computer systems as to what were sold, who</b> 23 <b>they were sold to, how many are remaining.</b> 24 <b>When you start using numbers like 5,000 and</b> 25 <b>did they all ship, that's just an impossible</b> Page 67</p>	<p>1 bearing Bates stamp Interworks 88, 2 marked for identification.) 3 Q. Number 7 is a short page that has 4 two e-mails. On top you can see -- well, we 5 don't know who sent it, but if you look at the 6 content of the e-mail, you see Gillian Yip, 7 Essential Logistic Fulfillment; that's the 8 company that you formed to provide services on 9 logistics to Digital Gadgets, right? 10 <b>A. Yes.</b> 11 Q. Okay. 12 And Ms. Yip says here "According 13 to the notes on your accounts, Interworks is 14 currently on hold pending legal review." 15 Do you understand why she said 16 Interworks is currently on hold? 17 <b>A. Do I understand why?</b> 18 Q. Yes. 19 <b>A. I understand what it means.</b> 20 Q. Can you tell me the meaning of 21 that? 22 <b>A. It means that our legal</b> 23 <b>department placed the company on hold.</b> 24 Q. And do you know why? 25 <b>A. Why the company was put on hold?</b> Page 69</p>

1 Q. Right.  
2 A. I mean, looking at this letter  
3 dated -- Interworks 7, dated May 19th, and  
4 looking at this e-mail from Gillian, which is  
5 dated after that letter of May 19th, I would  
6 assume it may have something to do with each  
7 other. The reasons outlined in Interworks 7  
8 are the reasons why the account was put on  
9 hold.  
10 Q. That letter written by your  
11 lawyer, Thomas Carulli, specifically stated  
12 two complaints or two claims concerning the  
13 breach of the exclusive right to sell to QVC  
14 and failure to maintain the required insurance  
15 coverage, correct?  
16 A. Yep.  
17 Q. Okay.  
18 Again, based on your  
19 recollection, were these the two reasons that  
20 caused your company to place Interworks'  
21 account on hold?  
22 A. I believe there were other  
23 reasons as well that might have happened  
24 subsequent to May 19th, but I don't know if it  
25 was prior to this e-mail.

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1 Q. And what were these other  
2 reasons, if you recall?  
3 A. There was a serious fraudulent  
4 conveyance of the items that were sold to us  
5 relative to the part that was approved by QVC,  
6 and the battery that was inside the unit did  
7 not match specifications of what we purchased.  
8 Q. Well, when you say "fraudulent  
9 conveyance," what do you mean by that?  
10 A. I didn't use the term "fraudulent  
11 conveyance."  
12 MR. HSU: Can you read that back?  
13 (Record read.)  
14 A. There was a fraudulent -- so  
15 those two -- take those two words separately.  
16 Fraudulently we were sold boards that had been  
17 conveyed to us that there was a certain  
18 battery inside those units that were not the  
19 batteries that were approved by QVC for sale.  
20 Q. How did you know about that?  
21 A. QVC reported that to us.  
22 Q. And did you receive any paperwork  
23 from QVC stating that these batteries were  
24 nonconforming batteries?  
25 A. Yes.

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1 Q. And do you recall the form of  
2 these documents that you received from QVC?  
3 A. What do you mean?  
4 Q. Did QVC send you a letter saying  
5 that hey, all your batteries are no good now,  
6 does not match with the battery that we  
7 inspected; did you receive a letter from QVC?  
8 A. It's not a letter; however,  
9 subsequent to all of our transactions with  
10 Interworks, we submitted one of the boards for  
11 testing for a new program that we were doing  
12 with QVC, which was supposed to be the same as  
13 the boards that we were selling all along to  
14 QVC, and QVC alerted us that the units failed  
15 compliance, and the reason that they failed  
16 compliance were due to batteries that were not  
17 matching what was submitted, which led us to,  
18 by process of elimination, determine that we  
19 were selling incorrectly the item that QVC  
20 thought it was buying, based on what  
21 Interworks represented to us that they were  
22 selling to us.  
23 Q. Do you recall when you first,  
24 meaning you, meaning Digital Gadgets, when did  
25 Digital Gadgets first receive any notice from

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1 QVC concerning the battery issue?  
2 A. I would need to look at documents  
3 to refresh my memory.  
4 Q. Was it after your lawyer sent  
5 this letter out?  
6 A. I would imagine that it would be  
7 after or it would have been on that letter.  
8 Q. And it would be after Chris  
9 Mitchell sent this proposal in April to  
10 Eric Lu?  
11 A. I don't know. It is possible  
12 that QVC could have notified that there was an  
13 issue that didn't rise to the level of what we  
14 now had suspected would be fraudulent. It  
15 could be clerical, it could be -- I don't know  
16 at what time the notice would happen when it  
17 would start, but certainly it elevated, and at  
18 the time that it elevated I assume would be  
19 after this May 19th letter.  
20 Q. Okay.  
21 Did you have any meeting with QVC  
22 concerning the battery at issue?  
23 A. I'm sure that people in the  
24 company had meetings or phone calls.  
25 Q. Do you recall when you received,

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<p>1 when I say you, I meant Digital Gadgets, do 2 you recall when Digital Gadgets received 3 notice from QVC concerning the battery issue, 4 how many hoverboards at the time still 5 remained in the warehouse of QVC or subject to 6 control of -- not QVC, let me try to -- strike 7 that.</p> <p>8 When you realized that there was 9 a problem concerning the battery issue and you 10 received any notice -- the first notice from 11 QVC about this particular issue, did Digital 12 Gadgets still have hoverboards, or Interworks, 13 in the warehouse?</p> <p>14 <b>A. I'm pretty sure we did, yes.</b></p> <p>15 <b>Q. Did you ask anybody else to tell</b> 16 <b>you how many units of hoverboards that still</b> 17 <b>remained on inventory with Digital Gadgets</b> 18 <b>(sic)?</b></p> <p>19 <b>A. I don't understand this question</b> 20 <b>at all.</b></p> <p>21 <b>Q. Well, were you concerned at the</b> 22 <b>time when Digital Gadgets received notice from</b> 23 <b>QVC for this issue, battery issue, did you</b> 24 <b>have concern that Digital Gadgets should</b> 25 <b>return these hoverboards back to Interworks</b></p> <p style="text-align: right;">Page 74</p>	<p>1 goods?</p> <p>2 <b>A. No, we would put everything on</b> 3 <b>hold. If there's evidence that we need, if</b> 4 <b>there's anything, we wouldn't touch anything.</b> 5 <b>Once we discover a fraudulent situation, our</b> 6 <b>business practice is to put everything on</b> 7 <b>hold, stop selling it, stop shipping it, stop</b> 8 <b>moving it, don't touch it until our attorneys</b> 9 <b>advise us what to do.</b></p> <p>10 <b>Q. At the time, did you decide not</b> 11 <b>to sell them pending the on hold?</b></p> <p>12 <b>A. Please refer to my statement that</b> 13 <b>I just said.</b></p> <p>14 <b>Q. I understand what you are saying,</b> 15 <b>but, you know, I could not get the -- maybe I</b> 16 <b>will try another way.</b></p> <p>17 <b>A. Everything goes on hold, that</b> 18 <b>means everything goes on hold, that means we</b> 19 <b>stop now. There could be a sequence of</b> 20 <b>events, there could be time that it takes for</b> 21 <b>every department to get the message, but the</b> 22 <b>message is we have been defrauded, we have a</b> 23 <b>serious issue in terms of reputation with QVC,</b> 24 <b>customer exposure, what we sold, liability, so</b> 25 <b>the instruction is we hold everything until</b></p> <p style="text-align: right;">Page 76</p>
<p>1 because of this battery issue?</p> <p>2 <b>A. I don't really understand. I</b> 3 <b>really don't understand the question. You are</b> 4 <b>asking me if there was a concern to return</b> 5 <b>them? Really what you are saying doesn't make</b> 6 <b>sense at all from a business standpoint.</b></p> <p>7 <b>Q. Well, when you received the</b> 8 <b>complaint or the report or notice from QVC,</b> 9 <b>relating to the battery issue --</b></p> <p>10 <b>A. Right.</b></p> <p>11 <b>Q. -- did you at the time want to</b> 12 <b>return all of those hoverboards remaining on</b> 13 <b>inventory with you to Interworks?</b></p> <p>14 <b>A. I don't know. It would be a</b> 15 <b>developing situation and the general business</b> 16 <b>practice would be put -- would be to put</b> 17 <b>everything on hold once we discover we have a</b> 18 <b>serious breach like that and figure out what</b> 19 <b>happened later.</b></p> <p>20 <b>Q. If you had known a problem from</b> 21 <b>your customer pertaining to quality, not</b> 22 <b>quantity, quality, of the goods --</b></p> <p>23 <b>A. Yep.</b></p> <p>24 <b>Q. -- out of ordinary course of</b> 25 <b>business, would you not want to return those</b></p> <p style="text-align: right;">Page 75</p>	<p>1 <b>our attorneys tell us what to do. Hold means</b> 2 <b>hold. Means we don't touch them, we don't</b> 3 <b>ship them, we don't sell them to customers.</b></p> <p>4 <b>And again, it may take time to</b> 5 <b>shut down the engine, there might be goods in</b> 6 <b>transit, there might be things being</b> 7 <b>processed, there might be things happening,</b> 8 <b>but the general sense is we shut down the</b> 9 <b>engine and everything goes on hold, hence the</b> 10 <b>e-mail from Ms. Yip to Sam at Interworks;</b> 11 <b>Interworks is currently on hold pending legal</b> 12 <b>review.</b></p> <p>13 <b>Q. Did Digital Gadgets ever receive</b> 14 <b>a bill from or multiple bills from QVC that</b> 15 <b>have anything to do with the battery issue?</b></p> <p>16 <b>A. I don't know what you are talking</b> 17 <b>about.</b></p> <p>18 <b>Q. Did QVC ever make a claim of</b> 19 <b>damages against Digital Gadgets because</b> 20 <b>Digital Gadgets was supplying these</b> 21 <b>hoverboards that had the wrong battery or</b> 22 <b>defective battery?</b></p> <p>23 <b>A. We were subject to very serious</b> 24 <b>conversations with QVC over this issue. There</b> 25 <b>was a severe reputational issue.</b></p> <p style="text-align: right;">Page 77</p>

<p>1 Q. Where did this conversation take 2 place? 3 A. With buyers, with quality 4 assurance people, many different 5 conversations. 6 Q. Do you recall when? 7 A. No. 8 Q. Do you recall where? 9 A. At QVC. 10 Q. And were you present? 11 A. I was present. 12 Q. And do you recall -- do you 13 recall who else was present at QVC for that 14 issue? 15 A. Our reps and buyers and sales 16 reps. 17 Q. Are you able to recall the names 18 of QVC's employees attending that meeting? 19 A. I would need to look at e-mails 20 to refresh my memory. 21 Q. To your knowledge, was there any 22 QVC customers returned any of the hoverboards 23 supplied by Interworks because of the battery 24 issue? 25 A. I don't know. I don't know what</p> <p>Page 78</p>	<p>1 what I guess the implication is we would need 2 to have some complaint or some evidence to 3 take action, and what I'm telling you is, as 4 soon as we discovered the problem and the 5 problem rose to a level where it was serious, 6 we stopped. 7 Q. And what did you do after you 8 stopped? You mentioned about a few things 9 that -- other than those things that you 10 mentioned, any other efforts that you had set 11 in place to confront this issue? 12 A. I don't know, but at some point 13 it became a legal issue, and once it became a 14 legal issue it took on a life of its own and I 15 guess that's why we are sitting here. 16 Q. Well, QVC discovered this issue 17 and -- 18 A. No. QVC told us that this is not 19 what we submitted. We submitted this and when 20 we opened the box it was that. That's not 21 good. If I tell you I'm handing you a wallet 22 with \$10 in it, and you took it home and you 23 got \$5 and somebody calls you and says I only 24 got \$5, not 10, the 10 that you promised me, 25 that's a problem.</p> <p>Page 80</p>
<p>1 reason customers use for returns, I wouldn't 2 have access to that. 3 Q. That's fair. 4 Did you receive any notice from 5 QVC concerning how many returns made by their 6 customers, because of the battery issues? 7 A. Again, we don't get the reason 8 for the return, we just get the return. If 9 you knew you were providing fraudulent 10 services to one of your clients, would you 11 wait for one of your clients to say -- if you 12 realize you were providing fraudulent services 13 to your client and you realized that by 14 accident, and are you gonna wait for your 15 client to complain that you are providing 16 fraudulent services before you take action? 17 Q. Well, I would not be able to 18 answer that question, because I -- 19 A. I don't think you need to answer 20 it. 21 Q. I wouldn't know the definition of 22 fraudulent. 23 A. I don't think you need to answer 24 it. So what you are asking me is, did we get 25 notice or did someone at QVC complain, and</p> <p>Page 79</p>	<p>1 Q. Right. 2 A. Right. 3 Q. Right. 4 And -- 5 A. And if I go back and say the guy 6 who gave me all these \$10 wallets only put \$5 7 in them, I'm gonna start looking to see where 8 the problems lie. 9 Does that make sense to you? 10 Q. When you receive indications or 11 reports that led you to believe that there -- 12 the batteries supplied by Interworks were 13 defective, not matching with whatever they 14 submitted for sample testing by QVC, is that 15 your statement (sic)? 16 A. Say that one more time. 17 Q. When you -- by the way, do you 18 know your company had to submit some samples 19 to QVC before you started selling the 20 hoverboards to QVC? 21 A. That's not entirely accurate. 22 Q. Oh. 23 Which part was not entirely 24 accurate? 25 A. All of it.</p> <p>Page 81</p>



<p>1 Q. The question, very simple: Did 2 you know Digital Gadgets had to submit samples 3 to QVC for testing and approval before you 4 started selling them? 5 <b>A. That's not true.</b> 6 Q. Not true? 7 <b>A. No. In this case, because</b> 8 <b>Interworks purported to sell us the unit that</b> 9 <b>was already approved by QVC, QVC allowed us to</b> 10 <b>sell it based on our reputation and vouching</b> 11 <b>for the fact that it was the same model, so we</b> 12 <b>began to sell it without submitting a sample.</b> 13 <b>And only after five months later when we</b> 14 <b>needed to submit a sample for a new program</b> 15 <b>and new orders did we then submit them a</b> 16 <b>sample, and then determined that what we were</b> 17 <b>selling them all along was fraudulent.</b> 18 Q. You are 100 percent sure about 19 that? 20 <b>A. I'm sure of what I just said.</b> 21 Q. Okay. 22 That's very good answer. I'm 23 just -- 24 <b>A. That doesn't mean that's 100</b> 25 <b>percent of what occurred.</b></p> <p style="text-align: right;">Page 82</p>	<p>1 <b>A. That's what it says.</b> 2 Q. Okay. 3 Does it say that the -- by the 4 way, what is the products described on this 5 report? 6 <b>A. (No response.)</b> 7 Q. Description on top, you see Chic 8 High Roller Self Balancing Hoverboard W? I 9 don't know what that "W" means. Do you know, 10 W slash -- 11 <b>A. What are you asking me?</b> 12 Q. I'm asking if you know what that 13 means? I have no idea what that means. What 14 the W at the end and slash, what does that 15 mean? 16 <b>A. Probably is truncated that</b> 17 <b>there's some words after that, but it doesn't</b> 18 <b>pick up on the form.</b> 19 Q. The reason I was asking you, 20 because I don't know what that means. 21 If you go through this report, it 22 seems like the samples submitted by Interworks 23 to QVC passed the testing? 24 <b>A. Yes.</b> 25 Q. Is there anything -- you see the</p> <p style="text-align: right;">Page 84</p>
<p>1 Q. Well, that's based on your 2 recollection that's what happened, right? 3 <b>A. Yes.</b> 4 Q. Okay. 5 MR. HSU: Let's mark this as 8. 6 (Tebele Exhibit 8, Document 7 bearing Bates stamps Interworks 212 8 through Interworks 221, marked for 9 identification.) 10 Q. Exhibit 8 is a computer generated 11 form on top of the first page says QVC, QA 12 sample, evaluation report? 13 <b>A. Correct.</b> 14 Q. And have you ever seen this 15 entire report? 16 <b>A. I have seen this form. I don't</b> 17 <b>know if I've seen this report before, but I'm</b> 18 <b>familiar with the form.</b> 19 Q. And if you look at those days, 20 probably the seventh or eighth line from the 21 top, indicates that the sample evaluation due 22 date, pick due date, requested due date, look 23 at those days, do those tell you that the 24 samples were submitted to QVC by Interworks in 25 early October?</p> <p style="text-align: right;">Page 83</p>	<p>1 second page of this exhibit, the Bates number 2 Interworks 213 in the midsection of the page 3 where it says battery identification, four 4 battery packaging, four general electrical 5 requirement test, Interworks passed all of 6 those things, right? 7 <b>A. I don't know what -- I mean you</b> 8 <b>are making a statement, I guess, yeah.</b> 9 Q. So you were saying that 10 Interworks -- I'm trying to understand what 11 your claim is. One of your claims is that 12 Interworks fraudulently -- 13 <b>A. Interworks had got this board</b> 14 <b>approved.</b> 15 Q. Right. 16 MR. LAZARUS: Referring to? 17 <b>A. Interworks 212.</b> 18 Q. This is 8. 19 <b>A. The item on this Exhibit Number 8</b> 20 <b>was approved for sale by QVC.</b> 21 Q. And QVC -- 22 <b>A. And you want me to continue to</b> 23 <b>answer, make it easier?</b> 24 Q. Sure. 25 <b>A. Interworks sold us this board,</b></p> <p style="text-align: right;">Page 85</p>

<p>1 item number T34604, purportedly the same 2 board, that's what we ordered, that's what we 3 told QVC we were gonna be shipping them. 4 Subsequently, in April, May or June or March 5 or I don't know what date when we submitted 6 these very boards to QVC, they failed with QVC 7 telling us that's not the same battery. 8 When we went back and said -- 9 referred them to this very report and said 10 wait a minute, it passed, what do you mean 11 it's the same, they said no, it's not the 12 same, which means that until we submitted 13 it -- from the time that we started, to the 14 time that we submitted it, there was something 15 very rotten going on, because it wasn't this 16 passed board. 17 Q. Do you know why QVC asked Digital 18 Gadgets to submit these samples for testing in 19 March, April or May of 2017? 20 A. There was a new program, and 21 based on a new program sometimes they require 22 a new submission, and based on that new 23 submission, which were the same boards that we 24 bought from the first day from the same batch 25 of 5,000 or 7,000 or whatever thousand is</p> <p>Page 86</p>	<p>1 A. I didn't say for retesting. 2 Q. For testing. This was after your 3 lawyers sent a letter to Eric Lu? 4 A. No. 5 Q. Or could be before? 6 A. I would imagine it was somewhere 7 in -- I don't know when the submission 8 started, and I don't know what the report back 9 happened in relation to that letter. 10 Q. But there was a submission 11 happening, and the problem discovered after 12 QVC notified you that hey, the samples you 13 submitted for testing does not match -- 14 A. It wouldn't happen like that. We 15 wouldn't -- if it failed, we wouldn't first 16 suspect that the vendor committed fraud on us. 17 We would first try to, in the ordinary course 18 of business, say wait, it must be wrong, must 19 be right, let's see what it is. Only after 20 very many back and forths in this case did we 21 end up saying, wait a minute, we have a 22 problem. 23 In other words, if we submit it 24 and it failed, you see this document Exhibit 8 25 how many different areas of compliance there</p> <p>Page 88</p>
<p>1 rolling around here, we kept sending boards to 2 QVC saying no, this can't, it's the same 3 board, no, it says T346, whatever, and they 4 are saying no, it's different, it's failed. 5 So that would lead us to believe 6 we were selling failed boards to our large 7 customer. 8 Q. And when you said there was a new 9 program, that new program was put in place by 10 QVC, right, it was not your decision, it was 11 their decision, meaning QVC's decision to 12 initiate this new program? 13 A. I don't know whose decision it 14 is. 15 Q. And after QVC tested a few 16 examples that your company submitted, in 17 March, April or May, and notified you that the 18 battery failed and that does not match with 19 their previous model that were submitted by 20 Interworks -- 21 A. Can you repeat it, please? 22 Q. You said that the battery -- the 23 battery -- well, let's start with QVC asked 24 your company to submit a few samples for 25 retesting?</p> <p>Page 87</p>	<p>1 are, each one is -- it could take weeks or 2 months to figure out the very nature of the 3 failure and point out to, by process of 4 elimination, that the batteries didn't match, 5 and it was through a lot of work and back and 6 forth that we had to get to that 7 determination. 8 Q. What decision made by QVC, if you 9 know, specifically with respect to Model C 10 hoverboard that they purchased from you, when 11 they realized there was an issue on battery 12 (sic)? 13 A. I really don't understand your 14 question. 15 Q. Did QVC request that your company 16 take back all of the Model C hoverboards 17 because this problematic battery that does not 18 match with what -- 19 A. I don't know what they requested 20 to do. I know what we would do to protect 21 ourselves which would be to cease sales, to 22 hold and stop and find out what the 23 ramifications are. 24 Q. Did you request QVC to return all 25 of the existing hoverboards on inventory --</p> <p>Page 89</p>

<p>1 <b>A. I don't know QVC had boards on</b> 2 <b>inventory. I don't know where you are making</b> 3 <b>that assumption from.</b> 4 Q. Well, did you ask QVC how many 5 boards QVC still has sitting in its warehouse? 6 <b>A. Again, I don't know that that</b> 7 <b>would be part of the general line of</b> 8 <b>questioning. The way I understand it is we</b> 9 <b>would ship the boards for QVC so they wouldn't</b> 10 <b>have them in their warehouse.</b> 11 Q. Now, yesterday, I don't know if 12 you were here or not, did you hear that 13 Ms. Gillian testified, Gillian Yip? 14 <b>A. Yes.</b> 15 Q. She testified yesterday that 16 the -- your company would ordinarily ship 17 hoverboards to QVC's warehouse and QVC's 18 customers? 19 <b>A. That's correct.</b> 20 Q. So when she was talking about 21 QVC's customers, she's saying these end users, 22 right? 23 <b>A. Right. The way I understand it,</b> 24 <b>these boards were being shipped to end users.</b> 25 Q. So there are boards that shipped</p> <p style="text-align: right;">Page 90</p>	<p>1 liability insurance. 2 Before you came today, did you 3 review all of the certificates of liability 4 insurance provided by Interworks to your 5 company? 6 <b>A. No.</b> 7 Q. So you've never seen this 8 document before? 9 <b>A. I'm not familiar with it. I may</b> 10 <b>have seen it.</b> 11 Q. Okay. 12 Let's mark the next one and see 13 if you have seen this one. 14 (Tebele Exhibit 10, Document 15 bearing bates stamp Interworks 300, 16 marked for identification.) 17 Q. If you look at this certificate 18 of liability insurance dated July 13, 2017, 19 have you ever seen this document before? 20 <b>A. I may have.</b> 21 Q. But you are not sure about it? 22 <b>A. I'm not sure that I have seen it</b> 23 <b>before. I may have.</b> 24 (Tebele Exhibit 11, Document 25 bearing Bates stamp Interworks 301,</p> <p style="text-align: right;">Page 92</p>
<p>1 directly to QVC's warehouse in New Jersey and 2 being stored there? 3 <b>A. QVC doesn't have a warehouse in</b> 4 <b>New Jersey.</b> 5 Q. Or maybe she was saying some 6 other warehouse located in New York? 7 <b>A. Let's cut to what you are trying</b> 8 <b>to say. I don't believe that QVC had boards</b> 9 <b>in their warehouse at the time of this.</b> 10 Q. You don't believe there was any 11 remaining inventory being stored at QVC's 12 warehouse? 13 <b>A. For sale.</b> 14 Q. What is the location of QVC's 15 warehouse? 16 <b>A. They have warehouses all over the</b> 17 <b>country, but they don't have one in New</b> 18 <b>Jersey.</b> 19 Q. Do they have any warehouse in 20 New York? 21 <b>A. I don't believe so.</b> 22 (Tebele Exhibit 9, Document 23 bearing Bates stamp Interworks 299, 24 marked for identification.) 25 Q. Number 9 is a certificate of</p> <p style="text-align: right;">Page 91</p>	<p>1 <b>marked for identification.)</b> 2 Q. Number 11, have you ever seen 3 this certificate of insurance? 4 <b>A. I may have.</b> 5 Q. Let me go back to that QVC QA 6 sample testing report, that was Exhibit 8. 7 Do you recall receiving a report 8 from QVC stating that the battery that came 9 with the hoverboard failed the testing and 10 also on the report says that the battery that 11 came with the samples do not match with what 12 was previously submitted? 13 <b>A. Again, let me take you through</b> 14 <b>how it would be. We would get a failure, it</b> 15 <b>would outline many areas of failure. Only</b> 16 <b>through going back and forth and resubmitting</b> 17 <b>and trying again and resubmitting and trying</b> 18 <b>again, by process of elimination, finally get</b> 19 <b>down to the fact that batteries didn't match.</b> 20 <b>It wouldn't be, hey, you</b> 21 <b>submitted this, the battery didn't match. It</b> 22 <b>would be submitted, it would be failed. It's</b> 23 <b>like a game of ping pong, then we'd have to</b> 24 <b>try to mitigate the failures, all the while</b> 25 <b>not knowing, not even thinking in a million</b></p> <p style="text-align: right;">Page 93</p>

<p>1 years that the battery would be different 2 inside the units, because it's not a battery 3 you open up and take out. You have to 4 actually disassemble the unit to get to the 5 battery. It wouldn't be apparent, and QVC 6 wouldn't provide us a road map and say it's a 7 different battery. They didn't even know it 8 was tied to this submission. We said, hey, it 9 has to be the same battery, it has to pass, 10 you passed it before. 11 Q. Right. 12 A. And they said no, sorry. Then it 13 would lead to more and more and meetings until 14 we would finally be able to isolate it as a 15 different battery. 16 Q. Okay. 17 My question is: When that issue 18 was discovered by your company, you also 19 receive a report, QA report from QVC outlining 20 all the failures which would also include the 21 battery issues in that? 22 A. Right, but it wouldn't say it's a 23 different battery, it would just say the 24 battery failed. 25 Q. Okay.</p> <p>Page 94</p>	<p>1 pictures and records and to protect themselves 2 against people submitting them one thing and 3 shipping another. 4 Q. Again, I don't remember if you 5 were here when Ms. Yip testified on certain 6 questions or responded to my questions 7 yesterday regarding the hoverboards that your 8 company is currently selling. She, if I 9 recall correctly, she said, correct me if I'm 10 wrong, she said your company is currently 11 selling hoverboards? 12 A. Yes. 13 Q. And these hoverboards were 14 manufactured by different factories? 15 A. Yes. 16 Q. Than those you got from 17 Interworks? 18 A. Yes. 19 Q. And when I asked her are the 20 hoverboards that your company is selling are 21 all Model C, and I think she was not able to 22 recall? 23 A. Model C is a term unique to 24 Interworks. If it was a quote/unquote Model 25 C, it would be an Interworks board.</p> <p>Page 96</p>
<p>1 A. You follow? 2 Q. I understand. I understand. 3 Do you recall on that report you 4 received from QVC -- how will you know -- 5 based on that report, how will you know the 6 hoverboard came from Interworks? 7 A. How would we know that board that 8 we submitted came from Interworks? 9 Q. Right. 10 A. If it was an Interworks High 11 Roller whatever model that we submitted. 12 Q. Does the report actually say 13 that, Interworks High Roller Model C? 14 A. I don't know, but if you are 15 asking how we know what was submitted, there 16 are pictures, probably, and there are records 17 that support what we are submitting. 18 Obviously, if that was the case 19 we could support -- we could submit anything 20 to QA and nobody would be able to have any 21 accountability over what it would be and then 22 ship any other thing, so there has to be a 23 trail and a supported trail that's kind of 24 sophisticated that measures what was submitted 25 versus -- and I believe even QVC takes</p> <p>Page 95</p>	<p>1 Q. So the current hoverboards that 2 you are selling to QVC that were manufactured 3 by other factories, and not exactly the same 4 model -- 5 A. We only purchased those models 6 after we realized we couldn't sell the 7 Interworks boards, so they came in subsequent 8 and later. 9 Q. Okay. 10 And your company purchased 11 directly from the manufacturer in China? 12 A. Yes. 13 Q. And do you recall when you first 14 started selling these hoverboards to QVC? I 15 mean a different factory that you purchased 16 and turned around and sold to QVC, do you 17 recall when you started doing that? 18 A. I need you to rephrase the 19 question. 20 Q. Well, we are talking about a 21 different factory, different manufacturers of 22 the hoverboards that your company is currently 23 selling to QVC; when did you start buying from 24 that factory? 25 A. We've been dealing with that</p> <p>Page 97</p>



<p>1 <b>factory for many years.</b></p> <p>2 Q. So that was before you met</p> <p>3 Eric Lu, you were in business with that</p> <p>4 factory?</p> <p>5 <b>A. Along many different products</b></p> <p>6 <b>that have nothing to do with hoverboards.</b></p> <p>7 Q. To your knowledge, does that</p> <p>8 factory also manufacture a similar product</p> <p>9 like Model C manufactured by Shenzhen?</p> <p>10 <b>A. I don't know, it's quite</b></p> <p>11 <b>possible.</b></p> <p>12 Q. Shenzhen is a city that is one</p> <p>13 hour away from Hong Kong roughly, right?</p> <p>14 <b>A. Yes.</b></p> <p>15 <b>(Recess taken.)</b></p> <p>16 BY MR. HSU:</p> <p>17 Q. Next in order, Exhibit 12.</p> <p>18 (Tebele Exhibit 12, Document</p> <p>19 bearing Bates stamp Interworks 405,</p> <p>20 marked for identification.)</p> <p>21 Q. 12 is an e-mail prepared and sent</p> <p>22 by ingridchen@bibbyusa.com on Tuesday,</p> <p>23 February 14, 2017, sent to Eric Lu and cc on</p> <p>24 Charlie.</p> <p>25 Mr. Tebele, have you ever seen</p> <p>Page 98</p>	<p>1 <b>to.</b></p> <p>2 <b>(Tebele Exhibit 13, Document</b></p> <p>3 <b>bearing Bates stamp Interworks 399,</b></p> <p>4 <b>marked for identification.)</b></p> <p>5 Q. 13 consists of two pages. On top</p> <p>6 there is a date February 14, 2017, to Todd</p> <p>7 Valoff, V-A-L-O-F-F?</p> <p>8 <b>A. Yep.</b></p> <p>9 Q. Do you recognize this document?</p> <p>10 <b>A. Yes.</b></p> <p>11 Q. Who's Todd Valoff?</p> <p>12 <b>A. Todd is the representative at</b></p> <p>13 <b>First Republic Bank that handles Digital</b></p> <p>14 <b>Gadgets' bank account.</b></p> <p>15 Q. Okay.</p> <p>16 When you see on the first page of</p> <p>17 this exhibit checking account balance of</p> <p>18 26,672.74, was that the checking account of</p> <p>19 Digital Gadgets?</p> <p>20 <b>A. That's what it says.</b></p> <p>21 Q. And it was -- the date this</p> <p>22 checking account was opened was back in</p> <p>23 December of 2015?</p> <p>24 <b>A. That's what it says.</b></p> <p>25 Q. Going back to the last exhibit,</p> <p>Page 100</p>
<p>1 this e-mail before?</p> <p>2 <b>A. Yes.</b></p> <p>3 Q. Okay.</p> <p>4 Was this the last e-mail that you</p> <p>5 received from Bibby USA rejecting the</p> <p>6 application?</p> <p>7 <b>A. I don't know.</b></p> <p>8 Q. Submitted by Digital Gadgets for</p> <p>9 \$1 million plus credit coverage?</p> <p>10 <b>A. I don't know.</b></p> <p>11 Q. To your knowledge, did Bibby</p> <p>12 Financial Services ever grant any credit</p> <p>13 coverage to Digital Gadgets in the past?</p> <p>14 <b>A. I would have no way of knowing</b></p> <p>15 <b>that.</b></p> <p>16 Q. After you received this e-mail,</p> <p>17 did you personally do anything in attempt to</p> <p>18 get this million dollar credit coverage?</p> <p>19 <b>A. I don't know.</b></p> <p>20 Q. Ms. Chen mentioned the bank</p> <p>21 information only shows 26,000 checking</p> <p>22 account. Your understanding, this 26,000 in</p> <p>23 credit -- in checking account, whose checking</p> <p>24 account was that?</p> <p>25 <b>A. I don't know who she's referring</b></p> <p>Page 99</p>	<p>1 Ms. Chen mentioned about the checking account</p> <p>2 balance of 26,000, was she mentioning this</p> <p>3 particular document?</p> <p>4 <b>A. Ms. Chen?</b></p> <p>5 Q. Ingrid Chen.</p> <p>6 <b>A. It could be.</b></p> <p>7 Q. But you don't have any personal</p> <p>8 knowledge about that?</p> <p>9 <b>A. I mean you are showing me two</b></p> <p>10 <b>documents. It looks like that's what she</b></p> <p>11 <b>would be referring to. They are on the same</b></p> <p>12 <b>date.</b></p> <p>13 Q. Next one will be 14.</p> <p>14 (Tebele Exhibit 14, Document</p> <p>15 bearing Bates stamp Digital Gadgets 154,</p> <p>16 marked for identification.)</p> <p>17 Q. 14 has a number of e-mails; one,</p> <p>18 two, three. On top the -- this Cheryl</p> <p>19 Baiocchi sent to bunch of individuals, Chris</p> <p>20 Mitchell was one of them. You were not cc'd</p> <p>21 on this e-mail. Have you ever seen the top</p> <p>22 e-mail?</p> <p>23 <b>A. Possibly.</b></p> <p>24 Q. And if you look at the date and</p> <p>25 time subsequent to the top e-mail, Paulette</p> <p>Page 101</p>

1 Brown at Digital Gadgets responded to -- oh,  
2 Cheryl was working for QVC at the time; do you  
3 know her?  
4 **A. Are you asking me a question?**  
5 **Q. Yes. Do you know her personally?**  
6 **A. No.**  
7 **Q. It seems to me that these e-mails**  
8 **were discussing about some samples submitted**  
9 **to QVC's testing.**  
10 **Do you have any personal**  
11 **knowledge about the subjects being discussed**  
12 **on these e-mails?**  
13 **A. Yes.**  
14 **Q. What would that be?**  
15 **A. What would what be?**  
16 **Q. Your personal knowledge?**  
17 **A. What we've been discussing for**  
18 **the last hour regarding the QA.**  
19 **Q. Right, and you looked at the**  
20 **second e-mail from the top, Paulette, she was**  
21 **your employee, right?**  
22 **A. Yes.**  
23 **Q. She said we have done that,**  
24 **verified that we have the hoverboards matching**  
25 **the specs in testing for T34764?**

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1 **A. That's what I told you before.**  
2 **Q. What is T34764?**  
3 **A. That's the item number that QVC**  
4 **assigned to the Interworks board.**  
5 **Q. Is that the same as the SKU**  
6 **number?**  
7 **A. No.**  
8 **Q. Item number?**  
9 **A. Um-hmm.**  
10 **Q. From that previous exhibit, the**  
11 **sample testing report, can you tell me where**  
12 **the report states -- not the SKU number, but**  
13 **the item number?**  
14 **A. It says here T34604.**  
15 **Q. That's the SKU number, right, it**  
16 **has SKU on top?**  
17 **A. Yes.**  
18 **Q. To your understanding, SKU number**  
19 **is the same as the item number that you were**  
20 **referring to?**  
21 **A. It should be.**  
22 **Q. Okay.**  
23 **By looking at the SKU number, you**  
24 **would know what model of hoverboard --**  
25 **A. No.**

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1 **Q. Will you be able to identify**  
2 **who --**  
3 **A. This is the number that QVC**  
4 **assigns to it.**  
5 **Q. Okay.**  
6 **And this number then will be the**  
7 **very number used to identify the hoverboards**  
8 **sold by Digital Gadgets to QVC?**  
9 **A. No, this is the board that**  
10 **Interworks sold to QVC.**  
11 **Q. First, and then --**  
12 **A. This number that was assigned**  
13 **here.**  
14 **Q. Oh, I got it.**  
15 **A. Is assigned on the submission**  
16 **that Interworks submitted.**  
17 **Q. Okay.**  
18 **And that, to your understanding,**  
19 **that was a Model C High Roller?**  
20 **A. I can't tell from this, but**  
21 **that's what my understanding was.**  
22 **Q. Okay.**  
23 **And regardless of a color, every**  
24 **hoverboard supplied by Interworks to QVC**  
25 **through you would bear the same SKU number?**

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1 **A. No. No.**  
2 **Q. Okay.**  
3 **A. This was the number that they**  
4 **assigned to this submission to this board from**  
5 **Interworks.**  
6 **Q. Okay.**  
7 **A. There might be other submissions.**  
8 **There might be other bundles. Every item they**  
9 **could have submitted a series of items, they**  
10 **could put it under a family of product, they**  
11 **create their own SKU number, it has nothing to**  
12 **do with us.**  
13 **Q. So this SKU number came from**  
14 **Interworks?**  
15 **A. No.**  
16 **Q. From QVC?**  
17 **A. Yes.**  
18 **Q. QVC assigned this number to --**  
19 **A. To this sample.**  
20 **Q. Okay.**  
21 **I'll move on after this question,**  
22 **but you don't have any personal knowledge on**  
23 **whether this number assigned by QVC is**  
24 **applicable to any given product, for example,**  
25 **QVC would only assign one SKU number to a**

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1 model supplied by Interworks, for example,  
2 Model C, am I correct on that understanding or  
3 let me give you a scenario, you can correct me  
4 if I'm wrong. If Interworks had carried more  
5 than one model, Model A, B, C then D, four  
6 different models of hoverboards, and  
7 Interworks was able to get all of these four  
8 model numbers approved by QVC, QVC then would  
9 assign four different SKU numbers?  
10 **A. Yes, that would be --**  
11 Q. Because there are four different  
12 models?  
13 **A. That would be their practice.**  
14 Q. For every different model QVC  
15 would assign one SKU number for  
16 identification?  
17 **A. They could assign multiple SKU**  
18 **numbers to one model, but they would assign**  
19 **one different SKU number for every single**  
20 **model.**  
21 Q. At least one?  
22 **A. At least one, that's what I mean.**  
23 Q. Get that clear.  
24 **A. They can assign two or three or**  
25 **four to the same board.**

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1 Q. Okay.  
2 Next one will be 15.  
3 (Tebele Exhibit 15, Document  
4 bearing Bates stamps Digital Gadgets 14  
5 through Digital Gadgets 18, marked for  
6 identification.)  
7 Q. 15 is another QVC sample QA  
8 report. As a matter of fact, this sample  
9 report was produced by your company in this  
10 litigation. Have you ever seen this document  
11 before?  
12 **A. I might have seen it.**  
13 Q. There are a few days mentioned  
14 and printed on the first page, top portion of  
15 this exhibit. You will see the pick due date  
16 June 5, 2017, sample evaluation due date  
17 June 15, 2017, requested due date June 2,  
18 2017, and further down to the left you see  
19 last activity date and time, June 2, 2017.  
20 These dates remind you when QVC received these  
21 samples from your company; was it in June,  
22 early June?  
23 **A. This sample was received on the**  
24 **dates that it says there.**  
25 Q. Which date, would be the date

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1 that QVC received from --  
2 **A. I don't know.**  
3 Q. Were these --  
4 **A. These are the general dates of**  
5 **when they were evaluating it. I don't know**  
6 **how they track what day they received it.**  
7 Q. Would be the last activity day?  
8 **A. No, that's the last activity day.**  
9 Q. Okay, so it's before this date?  
10 **A. Again, I refer to my earlier**  
11 **statement, I don't know how they track what**  
12 **day they received them.**  
13 Q. You see the vendor's name, vendor  
14 name Digital Gadgets LLC?  
15 **A. Yes.**  
16 Q. And vendor code, CX82-0000,  
17 that's your company, right?  
18 **A. Um-hmm.**  
19 Q. Okay.  
20 Was there anything in this report  
21 showing the product came from Interworks?  
22 **A. Yeah, it says High Roller Self**  
23 **Balancing Board right on the top. It didn't**  
24 **come from Interworks. We submitted the sample**  
25 **from Interworks. It came from Digital**

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1 **Gadgets.**  
2 Q. Right.  
3 **A. We submitted an Interworks board.**  
4 Q. At the time, was there any other  
5 company selling so-called High Roller Self  
6 Balancing Hoverboard?  
7 **A. No.**  
8 Q. Was there any information  
9 presented on this report that says these  
10 hoverboards were manufactured by the factory  
11 who work with Interworks at the time?  
12 **A. I don't think that's something**  
13 **that they would catalog.**  
14 Q. To your recollection or  
15 knowledge, personal knowledge, would QVC know  
16 about who manufactured the -- these  
17 hoverboards by looking at the product and the  
18 SKU numbers?  
19 **A. If they wanted to determine who**  
20 **manufactured it, they could.**  
21 Q. When you -- again, when I said --  
22 I was asking for your personal knowledge.  
23 When your company submitted these samples for  
24 QVC for testing purpose, did you submit the  
25 samples with the boxes or without the boxes?

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1 **A. We always have to submit it with**  
2 **the boxes.**  
3 Q. So QVC wants to take a look at  
4 what's printed on the box, QVC wouldn't know  
5 where the hoverboard came from?  
6 **A. Yes, other than what you said the**  
7 **description of the product.**  
8 Q. Was there anything in this report  
9 saying that these hoverboards were  
10 manufactured by Shenzhen Chic?  
11 **A. I don't know what Shenzhen Chic**  
12 **has to do with it. You asked me about**  
13 **Interworks.**  
14 Q. Do you know Shenzhen Chic was  
15 manufacturing these hoverboards that were sold  
16 to Digital Gadgets then sold to Digital  
17 gadgets?  
18 **A. No, I don't know that.**  
19 Q. Is there anything in this report  
20 mentioned -- mentioning that these hoverboards  
21 came from Interworks?  
22 **A. I don't know. I mean the report**  
23 **speaks for itself.**  
24 Q. Right.  
25 You know, if I tell you that

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1 there's really nothing in this report showing  
2 that --  
3 **A. I'll take you at your word.**  
4 Q. Would you agree with me on that?  
5 **A. Not really. I will tell you**  
6 **where maybe there's some information that you**  
7 **haven't -- if you look at page 2 of 5 --**  
8 Q. 205?  
9 **A. 2 of 5.**  
10 Q. Okay.  
11 **A. The fourth line down, it says**  
12 **confirm items listing this correct and active,**  
13 **UL Model Smart C file E 483, blah, blah, blah,**  
14 **I would imagine that's the model tied to**  
15 **Interworks.**  
16 Q. Well, hold on. We are talking  
17 about page number --  
18 **A. 2 out of 5.**  
19 Q. And then --  
20 **A. All the way to the bottom.**  
21 Q. All the way to the bottom?  
22 **A. Fourth line down.**  
23 Q. Okay. The UL 1642 certificate  
24 for the lithium battery sales required had not  
25 been received?

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1 **A. No. Take a look all the way in**  
2 **the middle section, the last line says**  
3 **batteries included; you see that?**  
4 Q. Yes.  
5 **A. Go up three lines from that.**  
6 Q. Right. UL Model Smart C file  
7 E483017?  
8 **A. Yeah.**  
9 Q. And there's a UL adapter Model  
10 SPS, then there is some numbers after that?  
11 **A. Right. It would be some tie**  
12 **back -- that's the Model C.**  
13 Q. So you would say is that based on  
14 your personal knowledge that these numbers are  
15 somehow tied to Interworks product?  
16 **A. Yes, based on my personal**  
17 **knowledge.**  
18 Q. Do you know which one?  
19 **A. No, but it says Model C, it says**  
20 **Smart C, I would assume there is some**  
21 **connection to Model C there.**  
22 Q. Okay.  
23 **A. Does that make sense to you?**  
24 Q. I don't know. I wish I knew.  
25 See, that's the beauty of being a lawyer, we

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1 know nothing about what you are doing.  
2 **A. He knows a lot. He tells me he**  
3 **does.**  
4 Q. That's what's so great about  
5 lawyers, you walk into different case, you  
6 start all over again by learning what's  
7 happening in that business.  
8 Anything else that you can help  
9 me with that -- by looking at this report and  
10 tell me which one could point to Interworks?  
11 **A. I think that QVC would have more**  
12 **information. I don't know what would be here.**  
13 Q. To your recollection, does QVC  
14 still have these sample sitting in their  
15 warehouse or their office?  
16 **A. Sorry?**  
17 Q. With respect to these samples,  
18 does QVC still have them?  
19 **A. You can't ask me that. You need**  
20 **to ask them. How would I know?**  
21 Q. You may know, but, you know, I'm  
22 just asking.  
23 **A. They are a big place. That's not**  
24 **me.**  
25 MR. HSU: This one is 16.

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1 (Tebele Exhibit 16, Document  
2 bearing Bates stamp Digital gadgets 35,  
3 marked for identification.)  
4 Q. 16, there is a short e-mail on  
5 top from Eric Lu to Chris Mitchell in  
6 December, specifically on December 21, 2016.  
7 It says "Chris, see my comments  
8 below in red. I'll give you a call shortly."  
9 In response to Chris Mitchell's  
10 e-mail to Eric Lu dated the same day earlier  
11 than that, well, yes, a little earlier than  
12 3:04 a.m., was 9:26 a.m. in the morning, here  
13 by the way, have you received this e-mail from  
14 Chris Mitchell?  
15 A. Did I receive this e-mail from  
16 Chris Mitchell?  
17 Q. Right.  
18 Did he subsequently forward it to  
19 you?  
20 A. I don't remember.  
21 Q. And says -- Chris Mitchell says  
22 here "Eric" starting from the second paragraph  
23 "current order QVC isn't going to be able to  
24 resolve the lithium battery reissue until next  
25 month."

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1 Are you aware of such issue  
2 existing in December of 2016?  
3 A. That's a different issue. That's  
4 a different lithium battery issue than what we  
5 are talking about with the QA.  
6 Q. Right.  
7 And you say is a different issue?  
8 A. It has nothing to do with the QA.  
9 Q. Okay.  
10 And was this around the time when  
11 Chris Mitchell was negotiating with Eric on  
12 the price terms along with the other terms for  
13 the sale of the hoverboards?  
14 A. It appears to be.  
15 Q. And when Chris Mitchell  
16 mentioned -- you see down below like one, two,  
17 three, four, fourth bullet point, if you look  
18 at the second one?  
19 A. Yep.  
20 Q. Received exclusive agreement to  
21 supply chip listen board to QVC for 2017 and  
22 then Eric's comment is yes, we can put this  
23 agreement to you, but let's have our meetings  
24 and see it and that's the trade show, right?  
25 A. Yes.

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1 Q. And discuss our partnership  
2 further?  
3 A. Yep.  
4 Q. So you did discuss, meaning your  
5 company, did discuss this exclusive agreement  
6 with Eric Lu?  
7 A. Yes.  
8 Q. At the trade show, and what was  
9 your recollection on Eric Lu's response or  
10 anything that he said in Las Vegas -- when you  
11 met Eric Lu, did he agree to give that  
12 exclusive deal to you guys?  
13 A. There was no doubt that he agreed  
14 that as long as we had inventory in place that  
15 we remained the exclusive partner. We would  
16 never buy somebody else's goods for them to go  
17 sell them to the same customer behind our  
18 back. The discussion further was we were  
19 discussing other accounts to extend the  
20 exclusive to.  
21 Q. Did you also at Las Vegas discuss  
22 the payment terms such as consignment?  
23 A. It's possible.  
24 Q. But you don't remember sitting  
25 here?

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1 A. Again, there was a sequence of  
2 events and a lot of conversations. I don't  
3 know what conversation was at CES versus on  
4 the phone, but it was a fluid situation.  
5 (Tebele Exhibit 17, Document  
6 bearing Bates stamp Digital Gadgets 80,  
7 marked for identification.)  
8 Q. Next one is 17. Have you ever  
9 seen this certificate of liability insurance?  
10 A. Possibly.  
11 Q. You see towards the bottom left  
12 underneath two words certificate, Digital  
13 Gadgets, LLC and that's your company, right?  
14 A. Yes.  
15 Q. On top -- well, it's not very  
16 top, it's like ninth or tenth or twelfth line  
17 from the top, you see under the insured  
18 Interworks Unlimited, Inc.?  
19 A. Yes.  
20 Q. Was printed there, so the insured  
21 of this policy was Interworks?  
22 A. Yes.  
23 Q. And your company was made as an  
24 additional insured?  
25 A. Yes.

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1 Q. On this certificate?  
2 A. Yes.  
3 Q. Right?  
4 MR. LAZARUS: Yes.  
5 A. Yes. It says that I'm named as  
6 additional insured in the middle of the page  
7 2, third down, certificate of holder's name as  
8 additional insured with respect to products as  
9 the named insured as their interest may  
10 appear, then it says in big bold letters, no  
11 coverage extended to hoverboards.  
12 Q. Right, it does say that.  
13 Do you recall seeing this  
14 document any time in 2017?  
15 A. Yes.  
16 Q. Around the time of May 9th, like  
17 the date?  
18 A. I don't know the dates  
19 specifically, but there was a time when we  
20 were made aware there was no coverage, so this  
21 may be around that time.  
22 Q. When you say there is no  
23 coverage, you meant on this certificate  
24 Digital Gadgets was somehow excluded because  
25 the coverage was not made to extend to

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1 hoverboards?  
2 A. No, Digital Gadgets wasn't  
3 excluded. Digital Gadgets is a certificate  
4 holder.  
5 Q. Right and then --  
6 A. The exclusion was hoverboards.  
7 The only thing we bought from Interworks were  
8 hoverboards.  
9 Q. Do you know at the time  
10 Interworks had other insurance coverage?  
11 A. I wouldn't know what Interworks  
12 had, but this certificate is the certificate  
13 that we would rely upon or certificates other  
14 than this like you produced to have me, then  
15 look at and ask me if I have seen, if you got  
16 a certificate and you bought hoverboards from  
17 a company and they gave you a certificate and  
18 it says here is your insurance, Mister, but it  
19 doesn't apply to hoverboards, that would cause  
20 concern.  
21 Q. You had concern, and after that I  
22 think you don't remember if your company had  
23 to go out and purchase your own policy until  
24 after you received this?  
25 A. Correct.

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1 Q. You don't recall that?  
2 A. But this is dated 5/9 and the  
3 letter from Tom Carulli is dated 5/19, I  
4 think, so around that time there was drama.  
5 Q. Let me ask you: If you had  
6 known -- would there be a difference for  
7 Interworks to maintain its policy that cover  
8 all the hoverboards that is sold to your  
9 company versus your company had to be listed  
10 as additional insured on the policy?  
11 A. It's both.  
12 Q. Does QVC require that your  
13 company carry and maintain liability  
14 insurance?  
15 A. Yes. Products are what dictates  
16 the insurance.  
17 Q. Right.  
18 A. So even though I'm required to  
19 maintain a general amount of insurance by QVC,  
20 subset of that, if there are specific products  
21 that they require different insurers  
22 requirements, higher or different or some kind  
23 of -- maybe they have an added risk, they  
24 would require an extra layer of protection and  
25 I believe the hoverboards are one of those

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1 products.  
2 Q. Okay.  
3 For the sake of discussion, if  
4 you had given Interworks' certificate of  
5 insurance to QVC, would they accept it,  
6 because they might have realized that while  
7 these goods were initially supplied by  
8 Interworks --  
9 A. Say that again.  
10 Q. At the time or around the time  
11 where your company received this notice that  
12 there is no coverage extended to hoverboards,  
13 and you raised that issue to Interworks,  
14 correct?  
15 A. I'm certain someone raised the  
16 issue to Interworks, because it's on the  
17 letter from Tom Carulli.  
18 Q. Right.  
19 Around the time when this became  
20 an issue, did you ask for Interworks to  
21 forward their liability insurance to your  
22 company so you guys can use that to satisfy  
23 QV's requirement?  
24 A. I don't know.  
25 Q. Do you know at the time, right

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1 around that time May 2017 Interworks had  
2 continuously maintained its liability  
3 insurance?  
4 **A. I don't know.**  
5 **Q.** Now, you wouldn't know either if  
6 you had asked for it and Digital Gadgets did  
7 provide that to you would QVC okay on that  
8 policy of Interworks?  
9 **A. What's the question?**  
10 **Q.** Let me give you a hypothetical.  
11 Could be a hypothetical, because you don't  
12 have any personal knowledge.  
13 Based on the ordinary course of  
14 business, custom and practice adopted in your  
15 company, if Eric Lu had forwarded their  
16 liability insurance coverage that says  
17 Interworks only, if you had forwarded that  
18 coverage to QVC asking them to approve it,  
19 because you are actually selling to QVC --  
20 **A. We would need to provide them our**  
21 **own policy. We would need to be an additional**  
22 **insured by the vendor or hold the insurance**  
23 **ourselves.**  
24 **Q.** Okay.  
25 **A. That's my understanding of how it**  
Page 122

1 **works.**  
2 **Q.** Okay, that's your understanding  
3 of how it works at QVC?  
4 **A. Yes.**  
5 **(Tebele Exhibit 18, Document**  
6 **bearing bates stamp Digital Gadgets 81**  
7 **through Digital Gadgets 82, marked for**  
8 **identification.)**  
9 **Q.** 18 starting from the top shows an  
10 e-mail from Chris Mitchell to Eric and the  
11 subject was Chic, C-H-I-C, 2017 plus Digital  
12 Gadgets. Have you ever seen this e-mail?  
13 **A. I don't know.**  
14 **Q.** When you see the -- well, there  
15 are about six bullet points. You see the  
16 first bullet point approaching the midsection  
17 of the page, met with QVC today and they are  
18 finally able to turn high roller boards back  
19 on?  
20 **A. Yes.**  
21 **Q.** They figured out the lithium  
22 battery issue with their legal team?  
23 **A. Yes.**  
24 **Q.** Do you know what was going on  
25 with respect to this?  
Page 123

1 **A. Yes.**  
2 **Q.** Particular discovery by QVC?  
3 **A. Yes.**  
4 **Q.** Okay.  
5 Can you tell me what that is?  
6 **A. There were -- there was a general**  
7 **fear in the marketplace around lithium ion**  
8 **batteries in general, not to do anything with**  
9 **hoverboards, having to do with hoverboards,**  
10 **but a greater issue, whereby there were**  
11 **lithium ion batteries exploding on planes.**  
12 **Q.** Okay.  
13 **A. And QVC determined that since**  
14 **there was a Christmas rush, at a certain date**  
15 **they stopped selling many items that had heavy**  
16 **lithium ion batteries in total. They just**  
17 **froze all the items and would not turn them**  
18 **back on until they were assured that people**  
19 **wouldn't ship them on planes. So that means**  
20 **if UPS -- if you ordered one and said I need**  
21 **it overnight, they were worried that we were**  
22 **gonna put it on an UPS truck or another vendor**  
23 **would put it on an UPS truck, it would explode**  
24 **and QVC would have the liability because it**  
25 **was their UPS account number.**  
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1 **Q.** Got it.  
2 **A. So they froze all of this plus**  
3 **many, many other items from being sold and by**  
4 **January 20th, we were able to prove to them**  
5 **that we had sufficient checks and balances to**  
6 **make sure that they only go by ground and not**  
7 **air.**  
8 **Q.** Not by air.  
9 **A. And then they turned the unit**  
10 **back on.**  
11 **Q.** Okay.  
12 So basically because of that  
13 issue, there was no overnight delivery by  
14 anybody.  
15 **A. Right.**  
16 **(Tebele Exhibit 19, Document**  
17 **bearing Bates stamp Digital Gadgets 264,**  
18 **marked for identification.)**  
19 **Q.** This 19 is another certificate of  
20 liability insurance that lists Digital Gadgets  
21 as a certificate holder. The date of this  
22 certificate was December 8, 2016; have you  
23 seen this document before?  
24 **A. Possibly.**  
25 **Q.** Do you know if Digital Gadgets  
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<p>1 submitted this certificate to QVC around the 2 time Digital Gadgets received this from 3 Interworks? 4 <b>A. What's the question again?</b> 5 Q. Do you know if Digital Gadgets 6 ever submitted this certificate of liability 7 insurance to QVC ever? 8 <b>A. I don't know.</b> 9 <b>(Tebele Exhibit 20, Document</b> 10 <b>bearing Bates stamps Digital Gadgets 244</b> 11 <b>through Digital Gadgets 247, marked for</b> 12 <b>identification.)</b> 13 Q. 20 has a number of pages. 14 These documents were produced by 15 Digital Gadgets. 16 If you see the second e-mail from 17 the top on Digital Gadgets 244, this e-mail 18 was sent by Chris Mitchell to Eric, presumably 19 Eric Lu, and you were cc'd on it. Do you see 20 that? 21 <b>A. Yep.</b> 22 Q. And Chris Mitchell first said 23 "Eric understood about wanting the boards 24 back. We were honoring the consignment backup 25 agreement per our conversation. But if that's</p> <p>Page 126</p>	<p>1 approved from my factor." 2 Did Eric Lu write all of these 3 responses in bold printed form? 4 <b>A. I don't know, looks like it.</b> 5 Q. And here he was complaining to 6 you guys that if you had been approved by my 7 vendor, I would have given this consignment 8 backup agreement to you guys at the time this 9 e-mail was sent to them, to Eric Lu, to your 10 recollection, Interworks' factor never 11 approved your company on this credit line of 12 \$1 million, right? 13 <b>A. I have no idea. It looks to be</b> 14 <b>he shipped it, bought approval from his factor</b> 15 <b>and maybe he was in trouble or something. I</b> 16 <b>don't know what -- I don't know what -- I</b> 17 <b>don't know what the inner workings between him</b> 18 <b>and his factor are, but we don't have any</b> 19 <b>obligation as Digital Gadgets to satisfy his</b> 20 <b>factor. His factor relationship is between</b> 21 <b>him and his factor.</b> 22 Q. If you look down below, 23 there's -- it seems like there is a 24 spreadsheet prepared by Chris Mitchell to 25 Eric Lu. If you can help me go over the</p> <p>Page 128</p>
<p>1 no longer an option for you, we can send back 2 the remaining boards." 3 What is the consignment backup 4 agreement Chris Mitchell was talking about 5 here, if you know? 6 <b>A. Basically, that there were,</b> 7 <b>throughout the negotiations, like I said, it</b> 8 <b>was fluid and what they agreed to was rather</b> 9 <b>than shipping the boards back and forth</b> 10 <b>between Interworks and Digital Gadgets and</b> 11 <b>having them sit in one warehouse or another,</b> 12 <b>since they were only for QVC that we would pay</b> 13 <b>them based on when they were sold. So that's,</b> 14 <b>I mean, call it a consignment agreement, but</b> 15 <b>it's not a very technical term. Consignment</b> 16 <b>agreement would basically mean to me we would</b> 17 <b>pay for the goods per specific agreement as</b> 18 <b>they were sold.</b> 19 Q. Okay. 20 And then the -- see there's some 21 bold printed lines or words starting from an 22 arrow pointing to the left, "I have honored 23 everything" that -- "everything I've said. I 24 told you guys I would give you 25 terms/consignment if you guys would get</p> <p>Page 127</p>	<p>1 second page of the document, where you can see 2 not this page, can you just briefly go to a 3 second page? 4 <b>A. Yes.</b> 5 Q. Second page on top to the right, 6 you see the total received number is 10,608 7 units? 8 <b>A. Yes.</b> 9 Q. Is that consistent with your 10 recollection of how many units of 11 hoverboards -- 12 <b>A. I previously answered I'm not</b> 13 <b>sure how many hoverboards were received, but</b> 14 <b>if this e-mail states -- the e-mail stands on</b> 15 <b>its own. The statement is what it is.</b> 16 Q. Okay. 17 But you mention about computer 18 data and software. If you have to retrieve 19 this information or spreadsheet from your 20 computer you would be able to do that, right? 21 <b>A. Yes.</b> 22 Q. After you received these e-mails 23 from Chris Mitchell and Eric Lu, did you 24 remember -- did you remember you had a meeting 25 or a couple of meetings with Chris Mitchell?</p> <p>Page 129</p>

1 A. Yes.  
2 Q. And do you remember what was  
3 being discussed about issues being raised by  
4 these two, three e-mails between Chris  
5 Mitchell and Eric Lu, if anything?  
6 A. **Do I remember?**  
7 Q. Do you remember the significance  
8 or the important part of the conversation that  
9 you had with Chris Mitchell?  
10 A. **I'm sure it was everything that's**  
11 **outlined in this e-mail.**  
12 Q. When this e-mail was sent early  
13 March 2017, the battery issues with QVC had  
14 not occurred yet?  
15 A. **I don't know when exactly it**  
16 **started occurring, but it doesn't appear to be**  
17 **an issue because it's not mentioned in this**  
18 **e-mail.**  
19 Q. Right.  
20 It was not mentioned throughout  
21 these e-mails, so would that be correct to  
22 say --  
23 A. **Would be a reasonable assumption.**  
24 Q. Okay.  
25 Did you ask Chris Mitchell to go

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1 back to Eric Lu to further negotiate on the  
2 price after March 3, 2017?  
3 A. **I don't recall anything specific**  
4 **on the price. I think that these negotiations**  
5 **have multiple components and price being one**  
6 **of them, but I don't know -- I don't know if**  
7 **this specific direction was to negotiate on**  
8 **price, but all in all we would have to get**  
9 **terms and conditions satisfactory for us to**  
10 **move forward.**  
11 Q. Okay.  
12 You do recall that we had gone  
13 through a proposal, at least one proposal made  
14 by Chris Mitchell to Eric Lu about taking  
15 50 percent of inventory at one price; will you  
16 consider that would be an attempt to negotiate  
17 price with Interworks on the part of Digital  
18 Gadgets?  
19 A. **No.**  
20 Q. Will you consider that was a  
21 business strategy adopted by Digital Gadgets  
22 because Digital Gadgets was unable to sell the  
23 remaining inventory which at the time was  
24 about 5,000 plus?  
25 A. **No, it was probably dictated by**

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1 **market conditions. It's not a strategy to**  
2 **renegotiate. We work with our vendors in**  
3 **partnership to maximize sales based on the**  
4 **market conditions.**  
5 Q. You understand this term  
6 consignment, right?  
7 A. **Yes.**  
8 Q. And ordinarily when -- in a  
9 consignment situation the seller retains title  
10 to the goods and the buyer doesn't have it  
11 until the goods are sold and the title passed  
12 to the buyer and then to the ultimate end user  
13 or ultimate buyer?  
14 A. **From a legal standpoint that may**  
15 **be the definition.**  
16 Q. Right.  
17 And what's your understanding of  
18 that term in the business world?  
19 A. **From a practical standpoint to us**  
20 **means we pay as we sell them. Who holds title**  
21 **is a separate and maybe legal type of**  
22 **agreement around title, which would be**  
23 **clarified by title, but if they were invoices,**  
24 **then they wouldn't be invoiced to us, so if**  
25 **they were invoiced to us, then title to us,**

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1 **meaning Digital Gadgets, that means title**  
2 **passed to Digital Gadgets. If there was a**  
3 **consignment agreement for title, that would be**  
4 **a legal description of consignment. The**  
5 **business description of consignment which kind**  
6 **of means we pay when we sell.**  
7 Q. You pay when you sell and then  
8 when you are unable to sell, you would be able  
9 to return them to the seller?  
10 A. **It would be all covered under**  
11 **whatever the agreement would be. Some vendors**  
12 **tell us to throw them away, some vendors tell**  
13 **them to give them back.**  
14 MR. HSU: Just pretty much gone  
15 through what I wanted to talk about  
16 today. Let me just -- let's get off the  
17 record. I wanna make sure I have  
18 everything that I want to cover today.  
19 (Recess taken.)  
20 MR. HSU: During the recess, I  
21 have discussed with Mr. Lazarus, it's a  
22 little hard to pronounce your name, I'll  
23 do my best to try to do it correctly  
24 next time, Mr. Lazarus, and I discussed  
25 and agree that the stipulation that I

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	made with Mr. Louzon yesterday will be also applicable 100 percent to today's deposition transcript. You want me to recite the terms, everything? MR. LOUZON: No. MR. HSU: I have recited every little and big term of the stipulation to Mr. Lazarus and he agreed that he will stipulate to the proposed handling of the deposition transcript as I stipulated with Mr. Louzon yesterday. So stipulated? MR. LAZARUS: Yes. MR. HSU: We are done. (Time noted: 1:57 p.m.)	136  INDEX Examinations 5 Page Mr. Hsu EXHIBITS No. Description Page 1 Second Amended Notice of Taking Deposition of Charles Tebele 34 2 Second Amended Notice of Taking Deposition of Defendant/Counterclaimant Digital Gadgets, LLC 34 3 Document bearing Bates stamp Interworks 7 38 4 Document bearing Bates stamp Interworks 8 48 5 Document bearing Bates stamp Interworks 22 49 6 Document bearing Bates stamps Interworks 42 through Interworks 54 57 7 Document bearing Bates stamp Interworks 88 68 8 Document bearing Bates stamps Interworks 212 through Interworks 211 83 9 Document bearing Bates stamp Interworks 299 91 10 Document bearing Bates stamp Interworks 300 92 11 Document bearing Bates stamp Interworks 301 92 12 Document bearing Bates stamp Interworks 405 98 13 Document bearing Bates stamp Interworks 399 100 14 Document bearing Bates stamp Digital Gadgets 154 101 15 Document bearing Bates stamps Digital Gadgets 14 through Digital Gadgets 18 107 16 Document bearing Bates stamp Digital gadgets 35 114 17 Document bearing Bates stamp Digital Gadgets 80 117
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	ACKNOWLEDGMENT  STATE OF NEW YORK ) COUNTY OF <sup>ss</sup> )  I, CHARLES TEBELE, hereby certify that I have read the transcript of my testimony taken under oath in my deposition of August 21, 2018, that the transcript is a true, complete and correct record of my testimony, and that the answers on the record as given by me are true and correct.  _____ CHARLES TEBELE  Signed and subscribed to before me, this day of _____, 2018. Notary Public, State of New York _____	137  18 Document bearing Bates stamp Digital Gadgets 81 through Digital Gadgets 82 123 19 Document bearing Bates stamp Digital Gadgets 264 125 20 Document bearing Bates stamps Digital Gadgets 244 through Digital Gadgets 247 126 INFORMATION REQUESTED Page INFORMATION TO BE FURNISHED Page

1 CERTIFICATE  
2 STATE OF NEW YORK )  
3 COUNTY OF SUFFOLK )  
4

5 I, CINDY A. AFANADOR, a Notary  
6 Public within and for the State of  
7 New York, do hereby certify:

8 That CHARLES TEBELE, the witness  
9 whose deposition is hereinbefore set  
10 forth, was duly sworn by me and that such  
11 deposition is a true record of the  
12 testimony given by such witness.

13 I further certify that I am not  
14 related to any of the parties to this  
15 action by blood or marriage; and that I  
16 am in no way interested in the outcome  
17 of this matter.

18 IN WITNESS WHEREOF, I have  
19 hereunto set my hand this 27th day of  
20 August, 2018.

21 -----  
22  
23 CINDY A. AFANADOR  
24  
25

Page 138

STATE OF NEW YORK                   C E R T I F I C A T E  
  )  
COUNTY OF SUFFOLK                 ) ss.:  
  )

I, CINDY A. AFANADOR, a Notary Public within and for the State of New York, do hereby certify:

That CHARLES TEBELE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have  
hereunto set my hand this 27th day of  
August, 2018.

Cindy A. Afanador

CINDY A. AFANADOR



# EXHIBIT 11

TO BE FILED  
UNDER SEAL

# EXHIBIT 12

**Jared Louzon**

**From:** Eric <Eric@interworks-usa.com>  
**Sent:** Wednesday, May 10, 2017 12:11 PM  
**To:** Chris Mitchell  
**Cc:** 'Tony Tu'  
**Subject:** FW: Fw: High Roller Model C Lithium Form  
**Attachments:** HY Lithium Battery Form Final for QVC.XLS

Hi Chirs,

Please see attached battery form.

Thanks!

Eric

**From:** naya  
**Sent:** Wednesday, May 10, 2017 8:31 AM  
**To:** eric <eric@interworks-usa.com>; tony <tony@interworks-usa.com>  
**Cc:** luying <luying@chicrobo.com>  
**Subject:** Re: Fw: High Roller Model C Lithium Form

Dear Eric&Tony,

Pls check the attached battery form for the following battery, thx:



Pls let me know if any question , thx



Best regards

Naya



# Lithium Battery Information Form

Vendor Name:

Battery mfg / supplier name:

QVC Item number:  
(i.e. E123456)

Battery part #:   
(i.e.: CR2032)

Vendor sku:

UL File #:

## Battery / Cell type

Ion / Polymer (Secondary / Rechargeable):

Metal / Alloy (Primary / Non-rechargeable):

Is it a Button cell battery?:

## Cell Information

Total quantity of cells in this product:

Equivalent lithium content per cell (Metal ONLY):  grams

Watt Hour rating per cell (Ion ONLY):  WH

Capacity:  mAhs Volts:

## Battery Information (batteries composed of more than one cell)

Total quantity of batteries in this product:

Equivalent lithium content per battery (Metal ONLY):  grams

Watt Hour rating per battery (Ion ONLY):  WH

Capacity:  mAhs Volts:

Digital Gadgets 290

# EXHIBIT 13

**Jared Louzon**

---

**From:** Chris Mitchell  
**Sent:** Monday, May 15, 2017 11:50 AM  
**To:** Eric@interworks-usa.com  
**Cc:** tony@interworks-usa.com  
**Subject:** Fwd: High Roller Model C Lithium Form- QVC QA sample required  
**Attachments:** image001.png; ATT00001.htm; image001.png; ATT00002.htm; UL-1642-NofA-13CA52863-Dec-06-2013.pdf; ATT00003.htm; BC mark SHES161000905901.pdf; ATT00004.htm; UL certificate (1).pdf; ATT00005.htm; Lithium Battery Form\_High Roller Model C.XLSX; ATT00006.htm

Hey guys, see below. As I mentioned we need to submit a new QA and now they are treating this as a new submission given the issues with the docs you sent over previously...

Disaster.

Do you have all this at the ready with a clean sample you can send us to confirm it matches these forms you provide?

Thank you,  
Chris

Begin forwarded message:

**From:** Paulette Brown <[pbrown@digitalgadgets.com](mailto:pbrown@digitalgadgets.com)>  
**Date:** May 15, 2017 at 11:36:10 PM GMT+8  
**To:** Chris Mitchell <[cmitchell@techpointproducts.com](mailto:cmitchell@techpointproducts.com)>  
**Cc:** Jill Pierson <[jpierson@digitalgadgets.com](mailto:jpierson@digitalgadgets.com)>, Gillian Yip ELF <[gyip@elfwarehouse.com](mailto:gyip@elfwarehouse.com)>, Charlie Tebele <[CHARLIE@digitalgadgets.com](mailto:CHARLIE@digitalgadgets.com)>  
**Subject:** FW: High Roller Model C Lithium Form- QVC QA sample required

Hi Chris

Below email from Rafiq outlines what we are required to submit with the new live sample we are preparing to send out

Please send us back a clean email with feedback and attachments that should be sent with the sample

(I've attached all of the forms that Jill has on file for the item- so please confirm these are good or supply updated)

Thanks much  
Paulette

**From:** Rafiq Zabrani [<mailto:Rafiq.Zabrani@qvc.com>]  
**Sent:** Monday, May 15, 2017 10:58 AM  
**To:** Cheryl Baiocchi <[Cheryl.Baiocchi@qvc.com](mailto:Cheryl.Baiocchi@qvc.com)>; Paulette Brown <[pbrown@digitalgadgets.com](mailto:pbrown@digitalgadgets.com)>; Gabrielle Ceritano <[Gabrielle.Ceritano@qvc.com](mailto:Gabrielle.Ceritano@qvc.com)>; Dennis Dangelo <[dennis@raecs.com](mailto:dennis@raecs.com)>; Jill Pierson <[jpierson@digitalgadgets.com](mailto:jpierson@digitalgadgets.com)>; John R. Teter <[John.R.Teter@qvc.com](mailto:John.R.Teter@qvc.com)>; Mark Shaeffer

**Cc:** Meghan Kane <Meghan.Kane@qvc.com>; Mark Shaeffer <Mark.R.Shaeffer@qvc.com>

**Subject:** RE: T35011 new sample needed

Paulette,

The original unit had too many complications with paper work, unit model was changed at last minutes and too many non-related documents sent to QA. Much of the information we have seen for this new unit does not match with the old unit. So we can no longer call this similar to last unit from QA's perspective.

Please treat this hoverboard as a brand new unit to QA. Below are the QA requirements for hoverboard.

- **Current hoverboard requirements are:**
  - UL2272 listed hoverboard with complete UL report. Hoverboards only listed directly by UL will be accepted by QVC. Must have UL Holographic logo.
  - UL Listed battery charger (we will need UL file number information for battery charger).
  - UL listed lithium battery (we will need UL file number information for lithium battery).
  - UN for 38.3 (we will need UN38.3 report for lithium battery).
  - Lithium battery form.
  - Battery disposal instructions in manual.
  - If age graded, appropriate toy or children product testing.
  - Must have third party testing for weight claim.
  - All testing related to claims including, run time, travel distance, charging time etc.
  - Any claims of additional product safety must accompany a third party design review to be mentioned on air after QA verification.

---

**From:** Jill Pierson

**Sent:** Friday, May 12, 2017 5:30 PM

**To:** Paulette Brown <pbrown@digitalgadgets.com>; Chris Mitchell <cmitchell@techpointproducts.com>;

Gillian Yip ELF <gyip@elfwarehouse.com>

**Cc:** Charlie Tebele <CHARLIE@digitalgadgets.com>

**Subject:** RE: High Roller Model C Lithium Form- QVC QA sample required

Chris,

Please see the attached documents that I have from previous emails. Please review and verify with the vendor.

Regards,

Jill Pierson

# EXHIBIT 14



**Jared Louzon**

---

**From:** Chris Mitchell  
**Sent:** Wednesday, June 07, 2017 4:42 PM  
**To:** Eric  
**Subject:** RE: Digital Gadget.xlsx  
**Attachments:** QVC\_QA\_Eval\_Report\_T35011\_011\_000\_6152017-1\_OF\_1.html

Eric,

That's like saying b/c QVC ordered a 16GB iPad and we shipped an 8GB iPad, that they should be mad at Apple...maybe Chic did screw you, I don't know. But you're the seller, we're the customer and as such, have / had an expectation of specifications of the ordered products being met...Clearly the docs we submitted that you provided to us weren't the documents you sent to QVC as they kept saying that they didn't match. Here's the QVC QA report when we actually sent in a physical unit b/c after so much back & forth with the docs, they required it – one of the fail points is that even the Poly Bag isn't the right thickness! Unreal.

What about the insurance? What's the update?

Best,  
Chris

---

**From:** Eric [mailto:[Eric@interworks-usa.com](mailto:Eric@interworks-usa.com)]  
**Sent:** Tuesday, June 06, 2017 6:21 PM  
**To:** Chris Mitchell <[cmitchell@techpointproducts.com](mailto:cmitchell@techpointproducts.com)>  
**Subject:** RE: Digital Gadget.xlsx

Chris,

This is a CHIC issue...all QA submission for QVC are provided from CHIC to interworks...we are not the manufacture. So the best thing to do is get all the boards back and return back to CHIC. I will issue an RA tomorrow. I could only provide you with the documents that I have which are provided from CHIC...and those are the documents that I provided to you, and what they've gave me is also what I have provided to QVC the first time around. If there's QA submission issues please send me the reports and I can have CHIC provide the documents to me.

I think its best to again return the goods and if you want to continue with Hoverboards then we order a new batch of products and start from scratch. Why and how the packaging has changed, that's above and beyond me.

I don't think we need to have further relationship if Charlie is resourcing to the lawyer...as I am trying to clean up the issue CHIC has caused...tell him to sue CHIC.

Eric

---

**From:** Chris Mitchell [<mailto:cmitchell@techpointproducts.com>]  
**Sent:** Tuesday, June 06, 2017 2:54 PM  
**To:** Eric <[Eric@interworks-usa.com](mailto:Eric@interworks-usa.com)>  
**Subject:** RE: Digital Gadget.xlsx

Hey Eric,

I just got killed. Had a convo with Charlie and then he got our lawyer.

I can't do anything until I get this QA and Insurance issues fixed. We don't have insurance on the boards and now there is a litany of QA issues given that the board we got from our CA warehouse (that you sent us) and was sent into QVC b/c you couldn't get us the right QA docs, don't match the first QA submission. They opened it all up and NONE of it matches with what you guys sent originally. Not only is the battery different, but the physical Age Grade of the Product is different too! This says 12+ but QVC is saying you were originally instructed to say 14+...12+ requires kids testing...disaster.

We have formally opened an investigation at our CA warehouse to audit the boards we have on-hand and do an inventory against what QVC says should be the right boards. This is assuming we can maintain our relationship with QVC and not get charged back for all the boards already sold b/c who the hell knows what we've actually been selling.

Not going to be able to get on a call tonight.

Please advise about the COI that you were supposed to get as of 5/26 and how you advise we fix this QA issue.

Regards,  
Chris

---

**From:** Eric [<mailto:Eric@interworks-usa.com>]  
**Sent:** Monday, June 05, 2017 7:59 PM  
**To:** Chris Mitchell <[cmitchell@techpointproducts.com](mailto:cmitchell@techpointproducts.com)>  
**Subject:** FW: Digital Gadget.xlsx

Chris,

Please see attached balance owe...I need to finalize this balance tomorrow, whether you wants the Models C or I need to pick them up and move them elsewhere...then we just reconcile everything that you've sold.

Thanks!

Eric

---

**From:** Priscilla Murillo [<mailto:priscilla@interworks-usa.com>]  
**Sent:** Monday, June 05, 2017 3:23 PM  
**To:** [eric@interworks-usa.com](mailto:eric@interworks-usa.com)  
**Subject:** Digital Gadget.xlsx

# EXHIBIT 15

**Jared Louzon**

---

**From:** Meghan Kane <Meghan.Kane@qvc.com>  
**Sent:** Friday, June 30, 2017 11:12 AM  
**To:** Paulette Brown; Dennis Dangelo (dennis@raecs.com); Chris Mitchell; Jill Pierson  
**Cc:** Cheryl Baiocchi; Gabrielle Ceritano  
**Subject:** Model C QA

**Importance:** High

Hi All

Still a lot of back and forth regarding the QA for T35011- the model C hoverboard we are/were trying to bring in for July. The following is still needed:

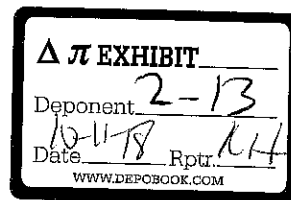
- 1) New QA sample- **please confirm this sample will come from your CA warehouse stock and not just a sample you have in the office**
- 2) Heavier poly bag over the hoverboard- at least 1.5mil thick
- 3) Claims substantiation for- charging time, no overcharging, max speed, weight capacity and range
- 4) Warranty needs to meet FTC Requirements
  - a. For warranties, we will need these following (5) FTC requirements addressed: **\*\* (1) What does the warranty cover/not cover \*\* (2) What is the coverage period \*\* (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit \*\* (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center \*\* (5) How will the state law affect your customer's rights under the warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.**
- 5) New Lithium battery form
- 6) UL and UN certificates
- 7) Toy testing

I do want to note that I know a lot of this information is info needed from Interworks as that is who you bought this inventory from. We have personally reached out to Interworks to help assist with getting this info and they informed us there is an outstanding invoice with DG which is why they are not sending the paperwork to clear up QA. With all this said, QVC is stuck in the middle. We want to work with you guys but it will be challenging to get all this info without Interworks assistance. Please work with your partners at Interworks to clear up whatever the issues are so we can move forward

Have a nice weekend!

Thank you

Meghan Kane  
Buyer- Mattress, Toys, Furniture, Home Decor  
P: 484-701-8539  
F: 484-701-8277



Digital Gadgets 292



# EXHIBIT 16

TO BE FILED  
UNDER SEAL

# EXHIBIT 17

**Jared Louzon**

---

**From:** Eric Lu <eric@interworks-usa.com>  
**Sent:** Wednesday, March 01, 2017 3:06 PM  
**To:** Bright Asamoah  
**Cc:** Charlie Tebele; Priscilla Murillo; Chris Mitchell; Michael Kidakarn  
**Subject:** Re: Invoices past due

Bright / Charlie,

I gave you guys 60days on the lower cost which I have to carry the AR and if you're going to paid 99k, that is not acceptable, I could have sold those inventory to other accounts. Janet had requested that I work with you guy and in good faith, I gave you QVC and Zullilly...I have tried to work with you guys, but I feel like I'm getting the short end of the stick...

Please ship all goods back to me...as I cannot tie up my funds and wait for weekly reports/payments.

I need to know how many units you have now and I will have my team schedule the pick up immediately.

Eric

Sent from my iPhone

On Mar 1, 2017, at 11:19 AM, Bright Asamoah <[basamoah@elfwarehouse.com](mailto:basamoah@elfwarehouse.com)> wrote:

Priscilla/Eric

Below is a break of what is being paid today.

<image007.png>

Of the 3,187 units from the first batch, DG paid 3,000units – which will be left with 187units to be paid.

However, we did get some returns from the sales of 77units.

So far, DG has sold 3,678units of the inventory.

<image008.png>

**Please note...we will be sending a weekly sales report and a corresponding wire for the units sold starting next week....**

---

**From:** Eric Lu [<mailto:eric@interworks-usa.com>]  
**Sent:** Wednesday, March 01, 2017 4:06 AM  
**To:** 'Charlie Tebele'; 'Priscilla Murillo'; Bright Asamoah  
**Subject:** RE: Invoices past due

# EXHIBIT 18



TO BE FILED  
UNDER SEAL

# EXHIBIT 19

## QVC QA Sample Evaluation Report

Tracking Number: 201705010636	SKU: T35011 011-000	Description: High Roller Self Balancing Hoverboard with	
Templated Item: Yes	Submission Number: 4	Color/Size Desc: Blue NA	
Current Location: Trash	Sample Type Desc: Documentation	Drop Ship Ind:	MultiBox: No
Sample Evaluator: John R Teter	Pit Due Date: 05/01/2017	Sample Eval Due Date: 05/01/2017	Requested Due Date: 05/01/2017
Buyer Code: 121	Buyer Name: MEGHAN KANE	Country of Origin: Not Available	Disposition: REJECT
Vendor Code: CX82-0000	Vendor Name: DIGITAL GADGETS LLC		Vendor Part Nbr: HR
Last Activity Date/Time: 05/08/2017 01:58:48 PM		Record Last Updated By: John R Teter	
Sample Needed by Product Central: No		Ship Method: Not Available	Post QA Disposition: Not Applicable
Buyer Comments: <b>Updated Lithium form</b>			

### SKN-Level Descriptive Product Information

PackSlip Description: (SKN-Level Descriptive Product Information) High Roller Self Balancing Hoverboard with	Subtitle: Carrying Bag
Dubner/Product Box: High Roller                      Self Balancing                      Hoverboard                      with	
Enterprise Long Description: The High Roller portable transportation solution is ideal for getting around the park, campus and even the office. Easy and safe to use. Charging time: 2-3 hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures approx: 7"H x 23-1/2"W x 7-1/2"L. Weight: 23lbs. UL Listed. Color choice. LMW. Ages 14+. Includes hover board carrying bag. Imported.	

### Test

Test Result	Test Description	Test Comments
FAIL	4 General Electrical Requirements Test	5/8/17 JT - Battery form submitted 5/1 notes a battery part# and UL file# different from a previous model, therefore, it cannot be used as a "transfer". Document on "hold" until more details are provided. **UPDATE** 5/8/17 JT - new document submitted. This form is voided.
NA	Sample Evaluator	Processed by John Teter. (484) 701-8441. EMAIL: jteter@qvc.com

### Samples for this Item

Tracking Number 201705080374	SKU T35011 011 000	Current Location Documents received into QA	Sample Type Desc Documentation
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# EXHIBIT 20

#968

**QVC QA Sample Evaluation Report**

Tracking Number:	SKU:	Description:	
201706020066	T35011 011-000	High Roller Self Balancing Hoverboard with	
Templated Item:	Submission Number:	Color/Size Desc:	
Yes	5	Blue NA	
Current Location:	Sample Type Desc:	Drop Ship Ind:	MultiBox:
Michael Zelinski's desk	QVC Product Sample	N	No
Sample Evaluator:	Pit Due Date:	Sample Eval Due Date:	Requested Due Date:
Mike Zelinski	06/05/2017	06/15/2017	06/02/2017
Buyer Code:	Buyer Name:	Country of Origin:	Disposition:
121	MEGHAN KANE	CHINA	REJECT
Vendor Code:	Vendor Name:	Vendor Part Nbr:	
CX82-0000	DIGITAL GADGETS LLC	HR	
Last Activity Date/Time:		Record Last Updated By:	
06/02/2017 03:56:37 PM		Mike Zelinski	
Sample Needed by Product Central:		Ship Method:	Post QA Disposition:
No		Not Available	Product Central
Buyer Comments:			
Please refer to Rafiq for testing requirements			

**SKN-Level Descriptive Product Information**

PackSlip Description: (SKN-Level Descriptive Product Information)	Subtitle:
High Roller Self Balancing Hoverboard with	Carrying Bag
Dubner/Product Box:	
High Roller	Self Balancing
	Hoverboard
	with
Enterprise Long Description:	
The High Roller portable transportation solution is ideal for getting around the park, campus and even the office. Easy and safe to use. Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures approx: 7"H x 23-1/2"W x 7-1/2"L. Weight: 23lbs. UL Listed. Color choice. LMW. Ages 14+. Includes hover board carrying bag. Imported.	

**Test**

Test Result	Test Description	Test Comments
PASS	*Vendor Risk Level	This vendor has not been assigned a risk level.
PASS	1 Descriptive Product Information	The QVC Packslip, Dubner/Product Box and Long Descriptions were reviewed, edited and released by QA for QVC Merchant approval. QVC MERCHANT: Please review and approve in IBM (POMS) or notify QA of any needed changes. VENDOR: Any goods shipped to QVC Distribution Centers (or directly to customers in the case of drop-shipped merchandise) must match the QVC Long Description. If there are ANY discrepancies or changes, advise QVC QA before shipping goods. SKN : T35011 PACK SLIP: High Roller Self Balancing Hoverboard with____ SUBTITLE : Carrying Bag____ DUBNER: High Roller____ Self Balancing____ Hoverboard____ with____ LONG DESCRIPTION The High Roller portable transportation solution is ideal for getting____ around the park, campus and even the office. Easy and safe to use.____ Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight____ Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures____ approx: 7"H x 23-1/2"W x 7-1/2"L. Weight: 23lbs. UL Listed. Color____ choice. 90day LMW. Ages 12 . Incl: hover board carrying bag. Imported.
PASS	1 Internal Packaging	No issues were found with the internal packaging of the item. It is acceptable. Brown corrugate shipper, retail box, eps foam, white corrugate box, polybags. MZE 6.2.17
FAIL	1 Polybag and Film Requirements	Audited against a "toy" item - The REJECTED 1st piece QA sample did not meet the poly bag and/or film specification for a toy item. Toy products using a poly bag and/or film do not require a suffocation warning label. However, if a poly bag and/or film is used with a toy item points 1 or 2 below must be met. 1. Actual wall thickness must be at least 1.5 mils (1.5/1000 inches) thick. 2. Alternatively, sheeting with a thickness of less than 1.5 mils (1.5/1000 in) shall be perforated with defined holes so that a minimum of 1% of the area has been removed over any area of 1.18 X 1.18in.
PASS	2 Country of Origin	The Country of Origin was marked or labeled on the product and/or the packaging, is in the QVC Long Description, and is acceptable. China. MZE 6.2.17



NA	3 Bouncebacks	No Comments Noted
FAIL	3 Claims Substantiation	VENDOR: QA must receive documentation to substantiate specific claims made regarding the product. Please send all claims documentation to QVCOAHardgoods@qvc.com. Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. MZE 6.2.17
PASS	3 Liability Insurance Policy	The product category of this item requires a minimum of five million US dollars (\$5,000,000) liability insurance coverage. A Certificate of Insurance ("COI") must be on file with QVC. The "COI" must evidence at least this amount of general liability insurance coverage (per occurrence and in the aggregate) and name QVC, Inc as "Additional Insured". The vendor is required to maintain general liability coverage for the life of the merchandise. The coverage must include full product liability, advertising injury, naming QVC, Inc as an Additional Insured, and issued by an insurance carrier rated "A" or better by A.M. Best. The vendor must also notify QVC within thirty (30) days of the cancellation of such policies and provide a new COI. RENEWALS of the COI should be sent to the following address: QVC, Inc. Mail Code 206, 1200 Wilson Drive, West Chester, PA 19380-4262, or faxed to 484-701-1380. If you have questions concerning the insurance requirements, please contact your insurance broker, or contact QVCs Insurance Administrator, Patti Forti, at 484-701-6715. A copy of the Certificate of Insurance is on file, and apparently complies with all QVC requirements. If there are any issues with the liability insurance, then the vendor will be contacted by QVCs Insurance Administrator.
FAIL	3 Limited Manufacturers Warranty	The sample includes a limited manufacturers warranty which was reviewed and determined to be unacceptable. VENDOR: QA must receive a copy the proposed LMW for review. Please submit documents electronically when available. Item includes a 90 day limited manufacturers warranty. For warranties, we will need these following (5) FTC requirements addressed: **(1) What does the warranty cover/not cover ** (2) What is the coverage period ** (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit ** (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center **(5) How will the state law affect your customer' rights underthe warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.
PASS	4 Battery Identification	includes lithium ion batteries / cells
CONDITIONAL	4 Battery Packaging	No Comments Noted
FAIL	4 General Electrical Requirements Test	The UL 1642 certificate for the lithium battery / cell is required and has not been received. Please submit to "qvcqahardgoods@qvc.com" and copy your buyer. The UN certificate for the lithium battery / cell is required and has not been received. Please submit to "qvcqahardgoods@qvc.com" and copy your buyer. A "Lithium Battery Information Form" is required to be submitted. Please submit the completed document to "qvcqahardgoods@qvc.com" and copy your buyer. Confirmed item's listing is correct and active. Thank you! UL Model SMART-C file E483017, UL adapter Model SPS-T844202000-C8 file E307126 verified online. MZE 6.2.17 Batteries included with the item were found acceptable when tested in the unit.
NA	4 General Regulatory Compliance	No Comments Noted
FAIL	4 Regulatory Compliance/ASTM	Item is properly labeled with required age grading The toy/batch testing report is currently not available. The product will remain in "HOLD" status for eight (8) weeks. If a report is not received within that time, the item will be disposition as "reject" until an acceptable report is received.
NA	5 Assembly	No Comments Noted
PASS	6 Workmanship, Materials and Components	The workmanship and materials are acceptable. All required components were included with the sample.
PASS	7 Function Test	The users guide/use instructions sheet included with the sample is acceptable. The sample was not actually function tested as it is a Virtual Sample or it cannot be fully tested.
NA	CPSIA Certification of Conformity	No Comments Noted
PASS	Check Vendor-Level Comments	Vendor-level Comments in the IBM System were checked.
NA	Induction Seal Test	No Comments Noted

NA	M1 SDS Requirements	No Comments Noted
NA	M2 Hazardous Materials Transportation Markings	No Comments Noted
NA	M2 Hazmat Category	No Comments Noted
NA	M3 VOC Regulated Items	No Comments Noted
PASS	P1 Carton Packaging Graphics Classification	No Comments Noted
PASS	P1 Carton Sealing (Does Not Imply OK/not-OK)	This package is sealed with 2" packaging tape down the opening of the carton seam. Carton was sealed with clear 2" packaging tape.
PASS	P1 Packaging Description	Product was submitted in plain kraft packaging (corrugate or chipboard). Doublewall corrugate box was submitted. The corrugated container possessed a Box Maker's Certificate that stated that the box has a minimum Edge Crush Test (ECT) of 48 pounds.
PASS	P2 Package Testing Req'd? Does not imply pkg is OK.	The packaging evaluation was completed by John Conrad. Should you have any questions, please contact him at john.b.conrad@qvc.com or 484-701-8694 Please note this sample is from a package tier 1 vendor. 6/2/17 JBC: Lithium Battery. Not drop tested.
NA	P2 QVC Bar Coding Requirements	Bar code labels and/or QVC specific carton markings on a 1st piece product sample or TOP (Top of Production) are NOT reviewed, approved or commented on by QA as part of the evaluation report. Vendors should order all QVC bar code labels from an approved label supplier - Verified Label & Print (800)764-6110 or FineLine Technologies (800) 500-8687. Please review QVC QA Packaging & Labeling Guidelines All Commodities. Please contact your Supplier Relationship Manager with questions.
PASS	PITSTOP	No Comments Noted
NA	Q Compression Test	No Comments Noted
NA	Q Drop Test	The QVC Drop Test is not required for this sample. No package testing is required at PSFGA or DC inspection.
PASS	Q Initial Packaging Evaluation	NOTES ON MASTER CARTONS: QVC does NOT require master cartons for all hardgoods items. (For more details, see QVC QA Packaging & Labeling Guidelines All Commodities.) A master carton MUST contain at least four (4) saleable units. A master carton for hardgoods cannot exceed 40" L x 24" W x 24" H (102 cm x 61 cm x 61 cm) in outer dimensions, or 40 pounds (18 kg) in weight. Any questions regarding master cartons can be emailed to Packaging@qvc.com. Failure to comply with these requirements may result in the rejection of PO receipts and/or a QVC Vendor Chargeback.
NA	Q Multi-Box Samples	No Comments Noted
NA	Q Vibration Test	No Comments Noted
PASS	Sample Type	Physical Sample was received.
PASS	Z "System Test" that Enables Capture of Pkg Info	No Comments Noted
PASS	ZZ Digital Images	Digital images have been taken of the sample and downloaded into the digital storage section of QUEST.
PASS	ZZ Hots processing	Sample processed as a HOT per request.
FAIL	ZZ Next Actions Required	The sample is Rejected pending the receipt of satisfactory information and/or documentation as requested. Submit a New Physical Sample for review along with all requested information to address all product failures.

## Packaging Attributes

Vendor Packaging:	Vendor Box Type:
Corrugated Container	0201 - Regular Slotted Container (RSC)
Carton Package Graphics Classification:	
0 - N/A	
Rigidity:	Straps:
Rigid	No
Conveyable:	Sortable:
Yes	Yes
Divertable:	Straps Permitted:
No	No

## Pack Recipe

Outer Mailer (OM):	Packaged-Product Weight:
VENDOR CARTON - VA - Automation-Ready VC	28 lbs, 5.6 oz.

Presentation Case (PC):	Ship-to-Customer Product Weight:
None - NONE	28 lbs, 6.256 oz.
Certificate (CT):	Packaged-Product Dimensions (L x W x H):
NA - NONE	25.8 x 10.8 x 10.7 inches
Special Instructions (SI):	Length + Girth:
NA - None	68.8 inches
Stand-up Tag (ST):	Dimensional Weight:
NA - None	17 lbs.
Pouch (P):	Ship-to-Customer Packaged-Product Dimensions:
NA - None	25.8 x 10.8 x 10.7 inches
Hazmat/Oversize:	
N	

CoShip Information	
Boxes Per Item:	Max Items Per Box:
1	5
Co-Ship Code:	Ship With:
2 - Ship With Other Items	X
Co-Ship Family Group:	Orientation:
555 - Hardgoods	X
Co-Ship Commodity Group:	Fragility:
555 - All Hardgoods	0

Gift Wrap		
Gift Wrap Eligible:	Gift Box Required:	Gift Box:
E - INELIGIBLE - ITEM OVERSIZE	N	NGB - No Gift Box Required
Gift Wrap Recipe:	Gift Wrap Ship Weight:	
NA	0 (Lbs.) 0 (Ozs.)	

BarCode Information	
Bar Code Present:	Bar Code Symbology:
No	Pending
Bar Code Content:	Bar Code ANSI Readability Score:
Not Applicable	Not Applicable
Bar Code Human Readable Text:	
X	

Digital Documents and Images		
File Name	File Type	File Comment
T35011-Fisrt_Sample_6.2.17.pdf	Images of Product Itself	Images of Product
T35011_Box1.jpg	Images of Packaging	Box1
T35011_Box2.jpg	Images of Packaging	Box2
T35011_Box3.jpg	Images of Packaging	Box3
T35011_Box4.jpg	Images of Packaging	Box4
T35011_Box5.jpg	Images of Packaging	Box5
T35011_Box6.jpg	Images of Packaging	Box6
T35011_HOLOGRAPHIC.jpg	Miscellaneous Digital Documents and Images	Holographic Logo
T35011_UL_LABEL.jpg	Miscellaneous Digital Documents and Images	UL Label - Adapter

# EXHIBIT 21

**Jared Louzon**

---

**From:** Chris Mitchell  
**Sent:** Monday, June 19, 2017 4:34 PM  
**To:** Eric  
**Subject:** RE: QA Eval for T35098  
**Attachments:** QVC\_QA\_Eval\_Report\_T35011\_011\_000\_6152017-1\_OF\_1.html; 88170810102R2 CHIC.PDF; Lithium Battery Form\_High Roller Model C.XLSX  
  
**Importance:** High

Eric,

Got off the phone with QVC QA. Everything below refers to your Model S. I got the CPSIA testing handled based on your attachment (thank you).

However, we still need all the documentation for the CLAIM SUBSTANTIATION that matches the Lithium Battery Docs you provided us – reattached again here.

Also, what are you going to do about the below two items?

Do you have new samples of the Poly Bag and Warranty Card Details you'll be submitting?? Need these overnighted to us tonight in NJ:

- ATTN: Jill Pierson  
21 Englehard Drive  
Monroe Township, NJ 08831

FAIL	3 Limited Manufacturers Warranty	<p>The sample includes a limited manufacturers warranty which was reviewed and determined to be unacceptable. VENDOR: QA must receive a copy the proposed LMW for review. Please submit documents electronically when available.</p> <p>Item includes a 90 day limited manufacturers warranty.</p> <p>For warranties, we will need these following (5) FTC requirements addressed: ** (1) What does the warranty cover/not cover ** (2) What is the coverage period ** (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit ** (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center ** (5) How will the state law affect your customer' rights underthe warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.</p>
FAIL	1 Polybag and Film Requirements	<p>Audited against a "toy" item - The REJECTED 1st piece QA sample did not meet the poly bag and/or film specification for a toy item. Toy products using a poly bag and/or film do not require a suffocation warning label. However, if a poly bag and/or film is used with a toy item points 1 or 2 below must be met. 1. Actual wall thickness must be at least 1.5 mils (1.5/1000 inches) thick. 2. Alternatively, sheeting with a thickness of less than 1.5 mils (1.5/1000 in) shall be perforated with defined holes so that a minimum of 1% of the area has been removed over any area of 1.18 X 1.18in.</p>

Please advise at your earliest convenience.

Best,  
Chris



# EXHIBIT 22



# MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts CA 91748

TEL: (626) 715-8225

(626) 715-8226

FAX: (909) 606-9282

## FREIGHT BILL

REF **NO 109812**

DATE **12-09-16**

PICK UP FROM:		DELIVERY TO:	
17220 W. CULBERTSON AVE 2448 PECK ROAD CITY OF HUNTING, CA 90601		PHOENIX WAREHOUSE CALIFORNIA 9306 SUREMEAN AVE SANTA FE SPRINGS, CA 90670	
SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:		BILL TO:	
		17220 W. CULBERTSON AVE	
QTY:	DESCRIPTION	WEIGHT	REMARK
12 Pallet	4141 ROLLER	18548 LBS	
576 Cans	7 Pallet - Black C	1 Truck 6 pallet	
476 Cans	5 Pallet - White C	2 Truck 6 pallet	
DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER
			12/9/16
SHIPPER SIGNATURE:		RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME	
X		X	
		PIECES	
		12 Pallets	

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per lb. or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Excesses must be reported within 24 hours.

LOOSE CARGO DIVISION

**SHIPPER SELECT**  
☐ Carrier's Check only  
☐ Consignee's Check only

Check # \_\_\_\_\_  
 Your C.O.D. check will be mailed through US  
 Postal Service regular mail. Max Transport Inc. is  
 not responsible for lost mail sent through U.S.  
 Postal Service.

# MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts., CA 91748

TEL: (626) 715-8225

(626) 715-8226

FAX: (909) 606-9282

## FREIGHT BILL

REF NO 109011

DATE 12-09-16

### PICK UP FROM:

McKINLEY'S LUMBER CO. INC.  
21118 PICK ROAD  
CITY OF INDIANAPOLIS, IN 46061  
SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:

### DELIVERY TO:

PHOTONIX WAREHOUSE - CA  
7306 SERRANO AVE  
SANTA FE SPRINGS, IN 46061  
BILL TO: INDIANAPOLIS

QTY

DESCRIPTION

WEIGHT

REMARK

7 Pallets

HIGH ROLLER

9653 LBS

736 CANS

5 PALLETS BLADE C

2 Pallets BLADE C

DRIVER PICKUP

DATE

TIME

DELIVERY DRIVER

DATE

TIME

PIECES

SHIPPER SIGNATURE:

RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

X

X

1 1

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per lb. or \$100.00 unless a higher value is declared in charges for such greater value paid. Storage and Exceptions must be reported within 24 hours.  
LOOSE CARGO DIVISION





**MAX TRANSPORT INC.**

P.O. Box 8098, Rowland Hts., CA 91748

TEL: (626) 715-8225

(626) 715-8226

FAX: (909) 606-9282

**FREIGHT BILL**

REF **MC 109810**

DATE **12/1/18**

**PICK UP FROM:**

INTERWORKS LUMBER CO. INC.  
2418 PECK ROAD  
CITY OF MARYLAND, CA 90601

**DELIVERY TO:**

PHOENIX WAREHOUSE - CA  
7306 SCREVEN AVE  
SANTA FE SPRINGS CA 90670

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:

BILL TO:

INTERWORKS

QTY.	DESCRIPTION	WEIGHT	REMARK
3.5 TONS	HIGH ROLLER		
144	ROLLS		
144	ROLLS		
48	ROLLS		
		9653 LBS	
DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER
	12/1/18	6	
SHIPPER SIGNATURE	RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME		
X		X	1 1

**SHIPPER SELECT**  
☐ Cashier's Check only  
☐ Consignee's Check only  
 C.O.D. \$ \_\_\_\_\_  
 Check # \_\_\_\_\_  
Your C.O.D. check will be mailed through U.S. Postal Service regular mail. Max Transport Inc. is not responsible for lost mail sent through U.S. Postal Service.

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per lb.-gram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION



# MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts., CA 91748

TEL: (626) 715-8225

(626) 715-8226

FAX: (909) 606-9282

## FREIGHT BILL

REF NO 103720

DATE 12-12-16

### PICK UP FROM:

MAX TRANSPORT INC.  
2418 PECK ROAD  
CITY OF MONSIEUR, CA 90601

### DELIVERY TO:

PHOENIX WAREHOUSE - CA  
9306 SORENSON AVE  
SANTA FE SPRINGS, CA 90680

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:

BILL TO:

MAX TRANSPORT

QTY:

DESCRIPTION

WEIGHT

REMARK

12 Pallets

11611 ROLL  
2 TRUCKS

14700 LB

410 (M)

WHITE 336 (M)  
BLACK 174 (M)

4 TL SHIPPED

DRIVER PICKUP

DATE

TIME

DELIVERY DRIVER

DATE

TIME

PIECES

SHIPPER SIGNATURE:

RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

X

X

1 1

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION

### SHIPPER SELECT

☐ Cashier's Check only  
☐ Consignee's Check only

C.O.D. \$

Check #

Your C.O.D. check will be mailed through U.S. Postal Service regular mail. Max Transport Inc. is not responsible for lost mail sent through U.S. Postal Service.



12/12/2016		BILL OF LADING	
<b>SHIP FROM</b>		Bill of Lading Number: 12/12/2016 - Interworks	
Name: Interworks Address: 2418 Peck Road City/State: City of Industry, ca 90601 Contact: Sam Tel: 562-693-8400 ext.110		BAR CODE SPACE	
<b>SHIP TO</b>		Carrier Name: Lipstick Transportation	
Name: Phoenix Warehouse-CA  Address: 9306 Sorensen Ave  City/State: Santa Fe Springs, CA 90670 Contact: Isabel Tel: 562-944-0883 ext 11		Trailer number:  Seal number(s): SCAC:	
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b>		BAR CODE SPACE	
Name: OEC Shipping Los Angeles Inc Address: 13100 Alondra Blvd., Suite 100 City/State/Zip: Cerritos, CA, 90703 P:		Freight Charge Terms: <i>Freight charges are prepaid unless marked otherwise</i> Prepaid _____ Collect _____ 3rd Party <b>XXX</b> <input type="checkbox"/> Master Bill of Lading: with attached underlying Bills of Lading (check box)	
SPECIAL INSTRUCTIONS: Same day service - Pick up at 9am Delivery:			
<b>CUSTOMER ORDER INFORMATION</b>			
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/SKID (CIRCLE ONE)
S.O #27928	1212	34846lbs	Y N
			Y N
			Y N
GRAND TOTAL		1212	34846lbs
<b>CARRIER INFORMATION</b>			
HANDLING UNIT		PACKAGE	
QTY	TYPE	QTY	TYPE
26	PLT		
WEIGHT		H.M.	COMMODITY DESCRIPTION
		(X)	General Merchandise
26		PLT	
GRAND TOTAL			
LTL ONLY		CLASS	
NMFC #		CLASS	
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____.		COD Amount: \$ _____ Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).			
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.		The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges. Signature: _____ Shipper	
<b>SHIPPER SIGNATURE / DATE</b> This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT. <i>[Signature]</i> 12-12-16		<b>CARRIER SIGNATURE / PICKUP DATE</b> Carrier acknowledges receipt of materials and required documents. Carrier certifies emergency response information was made available and/or carried in the U.S. DOT emergency response guidebook equivalent documents in the vehicle. <i>[Signature]</i> 12/12/16	
<b>Trailer Loaded:</b> <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver		<b>Freight Counted:</b> <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/pallets contain <input checked="" type="checkbox"/> By Driver/pieces	



08-144

**MTT**

**MAX TRANSPORT INC.**  
P.O. Box 8098, Rowland Hts., CA 91748  
TEL: (626) 715-8225  
(626) 715-8226  
FAX: (909) 606-9282

**FREIGHT BILL**

REF **NO 103736**  
DATE: 12-14-18

PICK UP FROM: 1107200000's WASHINGTON, INC. 2415 PECK ROAD CITY OF MONTEREY, CA 90601				DELIVERY TO: PHIBEX WAREHOUSE CALIFORNIA 4306 SORENSON AVE SANTA ESPERANZA, CA 90670			
SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:				BILL TO: MANANA-MS			
QTY	DESCRIPTION			WEIGHT		REMARK	
7 Pallets	RIR			9653 LBS			
336.67ms							
DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER	DATE	TIME	PIECES	
			ALAN AD	12/14/18		7914	
SHIPPER SIGNATURE:				RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME			
X				X			


In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION

SHIPPER SELECT  
☐ Cashier's Check only  
☐ Consignee's Check only  
 C.O.D. \$ \_\_\_\_\_  
 Check # \_\_\_\_\_  
 Your C.O.D. check will be mailed through US.  
 Postal Service registered mail. Max Transport Inc. is not responsible for lost mail sent through U.S. Postal Service.

12/14/2016		<b>BILL OF LADING</b>	
<b>SHIP FROM</b>		Bill of Lading Number: 12/14/2016 - Interworks	
Name: Interworks Address: 2418 Peck Road City/State: City of Industry, ca 90601 Contact: Sam Tel: 562-693-8400 ext.110		BAR CODE SPACE	
<b>SHIP TO</b>		Carrier Name: Lips tick Transportation	
Name: Phoenix Warehouse-CA  Address: 9306 Sorensen Ave  City/State: Santa Fe Springs. CA 90670 Contact: Isabel Tel: 562-944-0888 ext 11		Trailer number:  Seal number(s): SCAC:	
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b>		BAR CODE SPACE	
Name: OEC Shipping Los Angeles Inc Address: 13100 Alondra Blvd., Suite 100 City/State/Zip: Cerritos. CA, 90703 SPECIAL INSTRUCTIONS: Same day service - Pick up at IPM Delivery:		Freight Charge Terms: (freight charges prepaid unless marked otherwise) Prepaid _____ Collect _____ 3 <sup>rd</sup> Party <u>XXX</u> <input type="checkbox"/> Master Bill of Lading: with attached underlying Bills of Lading (check box)	
<b>CUSTOMER ORDER INFORMATION</b>			
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/SUP (CIRCLE ONE)
			Y    N
			Y    N
<b>GRAND TOTAL</b>			
<b>CARRIER INFORMATION</b>			
HANDLING UNIT		PACKAGE	
QTY	TYPE	QTY	TYPE
24	PLT	1128	CTAS
24	PLT	1128	
WEIGHT		H.M. (X)	
COMMODITY DESCRIPTION		LTL ONLY	
General Merchandise		NMFC #    CLASS	
600 - WHITE - C			
528 - BLACK - C			
<b>GRAND TOTAL</b>			
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____"		COD Amount: \$ _____ Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B). RECEIVED, subject to individually determined contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, request, and to all applicable state and federal regulations.			
SHIPPER SIGNATURE / DATE		CARRIER SIGNATURE / PICKUP DATE	
I hereby certify that the named materials properly classified, described, packaged, marked and labeled, and are in condition for transportation according to the applicable regulations of the U.S. DOT.		Carrier acknowledges receipt of packages and required paperwork. Service certifies emergency response information was made available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle. Property delivered must be received in good order, except as noted.	
12-14-16		12-14-16	



MAX TRANSPORT INC.				FREIGHT BILL			
				P.O. Box 8098, Rowland Hts, CA 91748 TEL: (626) 715-8225 (626) 715-8226 FAX: (909) 606-9282			
PICK UP FROM: <b>INTERWORK WILMINGTON, NC.</b> 2448 PECK ROAD CITY OF WILMINGTON, CA 90601				DELIVERY TO: <b>PHOENIX WAREHOUSE - CA</b> 9306 SORENSON AVE SMITH TOWN SPRINGS, CA 90670			
SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:				BILL TO: <b>INTERWORK</b>			
QTY.	DESCRIPTION			WEIGHT		REMARK	
7 Pallets	MR 336 CANS OF			9653 LBS			
336 CANS	(TOP BOX OPEN)						
DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER	DATE	TIME	PIECES	
<i>Yancy</i>	<i>12-15-16</i>					<i>DDA 11/15</i>	
SHIPPER SIGNATURE: <i>[Signature]</i>			RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME				
X			X				
In case of loss or damage, the company's maximum liability is the lesser of \$1,100 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours. LOOSE CARGO DIVISION							

# EXHIBIT 23

Report Date: 12/23/2016 7:55:39 PM

Page: 1 of 2

**DIGITALGADGETS**

PURCHASE ORDER NUMBER #: 6909

DIGITAL GADGETS, LLC  
21 ENGLEHARD DRIVE,  
MONROE TOWNSHIP NJ - 08831  
TEL: 6468974680  
FAX: 8485875515

VERSION # 3

VENDOR		SHIP TO		BILL TO		PO / SHIPPING SUMMARY INFO:	
Infanetworks Unlimited, Inc. 2418 Peck Road		PHOENIX WAREHOUSE OF CALIFORNIA 8306 SORESEN AVENUE		DIGITAL GADGETS, LLC 21 ENGLEHARD DRIVE		SEASON:	ALL SEASON
City of Industry CA 91706 USA		SANTA FE SPRINGS CA 90870		MONROE TOWNSHIP NJ 08831		SHIP VIA:	TRUCK
PURCHASE TERMS		CANCEL DATE	EX-FACTORY DATE	EXPECTED IN HOUSE DATE	PO TYPE	TOTAL UNITS:	6000
NET 60 DAYS		12/30/2016	01/20/2017	12/30/2016	DOM	TOTAL VPO\$:	\$1,250,000.00
VPO HEADER REMARKS:							
CUSTOMER INSTRUCTIONS:							
ITEM #	ITEM DESCRIPTION	COLOR CODE	QTY	UNIT PRICE	EX-FACTORY PRICE	PO PRICE	EXT. TOTAL
1	High Roller Model C Hoverboard - Black	001	1	\$215.00	\$215.00	\$215.00	\$402,480.00
PO DETAIL REMARKS							
2	High Roller Model C Hoverboard - Blue	400	1	\$215.00	\$215.00	\$215.00	\$412,800.00
PO DETAIL REMARKS							
3	High Roller Model C Hoverboard - Red	600	1	\$215.00	\$215.00	\$215.00	\$268,320.00
PO DETAIL REMARKS							
4	High Roller Model C Hoverboard - White	100	1	\$215.00	\$215.00	\$215.00	\$206,400.00
PO DETAIL REMARKS							

Purchase Order Terms and Conditions



Page: 2 of 2

Purchase Order #5909

Report Date: 12/23/2016 7:55:39 PM

In the absence of written acceptance of the purchase order, Seller's commencement of work on the services or goods subject to this purchase order, or the shipment of such goods, which ever occurs first, shall be deemed an effective and binding mode of acceptance of this purchase order. Time is of the essence. If Seller fails to meet shipping dates, delivery dates, and/or work commencement or completion dates, then Buyer may immediately terminate this purchase order for cause or exercise any other rights and remedies to which it may be entitled, at law or in equity. In addition the Buyer may accept delivery under this purchase order after the dates listed in this order subject to a 5% discount on the purchase price of delivered goods, which is solely at the discretion of the Buyer. Buyer may also cancel this purchase order or any part thereof or make changes to the drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation without cause at any time prior to shipment or commencement of the performance of any services pursuant hereto. Seller will consider all information furnished by Buyer to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this purchase order, unless Seller first obtains written permission from Buyer to do so. Payment for goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect goods and to reject goods that are in Buyer's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and in addition to Buyer's other rights. Buyer may charge Seller all expenses of unpacking, examining, repacking and reshipping nonconforming goods. In the event Buyer receives goods whose defects or nonconformity are not apparent upon examination, Buyer reserves the right to require replacement, as well as payment of damages, if such defect or nonconformity later appears. Nothing contained in this purchase order shall relieve in any way Seller from the obligation of testing, inspection and quality control.



# EXHIBIT 24

03495

12/28/2016						<b>BILL OF LADING</b>	
<b>SHIP FROM</b> Name: <i>Interworks Unlimited, Inc.</i> Address: <i>2418 Peck Road</i> City/State: <i>City of Industry, CA 90601</i> Contact: <i>Sam Fang</i> Tel: <i>5626938400 ext 100</i>				Bill of Lading Number: <i>12/28/2016 - 2 - Interworks</i>		<b>BAR CODE SPACE</b>	
<b>SHIP TO</b> Name: <i>Phoenix Warehouse-CA</i> Address: <i>9306 Sorensen Ave.</i> City/State: <i>Santa Fe Springs, CA 90670</i> Contact: <i>Isabel</i> Tel: <i>5629440888 ext 11</i>				Carrier Name: <i>Lipstick trans</i> Trailer number:		<b>BAR CODE SPACE</b>	
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b> Name: <i>OEC Shipping Los Angeles Inc</i> Address: <i>13100 Alondra Blvd., Suite 100</i> City/State/Zip: <i>Cerritos, CA, 90703</i>				Seal number(s): SCAC:		<b>BAR CODE SPACE</b>	
SPECIAL INSTRUCTIONS: <i>Same day service</i> Delivery: <i>by 5pm today</i>				Freight Charge Terms: <i>freight charges as per prepaid unless marked otherwise</i> Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input checked="" type="checkbox"/>		<b>BAR CODE SPACE</b>	
<input type="checkbox"/> Master Bill of Lading with attached underlying Bills of Lading							
<b>CUSTOMER ORDER INFORMATION</b>							
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SUP (CIRCLE ONE)		ADDITIONAL SHIPPER INFO	
PO #6909		1248	35854	Y N		Y N	
GRAND TOTAL						<i>SEELED # 6515919</i>	
<b>CARRIER INFORMATION</b>							
HANDLING UNIT		PACKAGE		WEIGHT		COMMODITY DESCRIPTION	
QTY TYPE		QTY TYPE		H.M. (X)		LTL ONLY	
						NMFC # CLASS	
26 PLT				35854lbs		624ctns of Model C Blue	
						624ctns of Model C Red	
PLT				lbs		GRAND TOTAL	
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____"						COD Amount: \$ _____ Fee Terms: Collect <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
<b>NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. 14706(c)(1)(A) and (B).</b> RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.							
SHIPPER SIGNATURE / DATE <i>[Signature]</i> <i>12-28-16</i>						CARRIER SIGNATURE / PICKUP DATE <i>[Signature]</i> <i>12/28/16</i>	
Trailer Loaded: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver						Freight Counted: <input type="checkbox"/> By Shipper <input checked="" type="checkbox"/> By Driver/Pieces	

#03281

12/29/2016		BILL OF LADING	
SHIP FROM		Bill of Lading Number: 12/29/2016 - 2 - Interworks	
Name: <i>Interworks Unlimited, Inc.</i> Address: <i>2418 Peck Road</i> City/State: <i>City of Industry, CA 90601</i> Contact: <i>Sam Fang</i> Tel: <i>5626938400 ext 100</i>		BAR CODE SPACE	
SHIP TO		Carrier Name: <i>Lipstick Trans.</i>	
Name: <i>Phoenix Warehouse-CA</i>  Address: <i>9306 Sorensen Ave.</i>  City/State: <i>Santa Fe Springs, CA 90670</i> Contact: <i>Isabel</i> Tel: <i>5629440888 ext 11</i>		Trailer number:	
THIRD PARTY FREIGHT CHARGES BILL TO:		Seal number(s):	
Name: <i>OEC Shipping Los Angeles Inc</i> Address: <i>13100 Alondra Blvd., Suite 100</i> City/State/Zip: <i>Cerritos, CA, 90703</i>		SCAC:	
SPECIAL INSTRUCTIONS: <i>Same day service</i> Delivery: <i>by 3pm today</i>		BAR CODE SPACE	
		Freight Charge Terms: <i>(freight charges are prepaid unless marked otherwise)</i> Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input checked="" type="checkbox"/>	
<input type="checkbox"/> Master Bill of Lading; with attached underlying Bills of Lading <input type="checkbox"/> (check box)			
CUSTOMER ORDER INFORMATION			
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/SUP (CONT. ONE)
<i>PO #6909</i>	<i>1248</i>	<i>35844</i>	<i>Y N</i> <i>Y N</i>
GRAND TOTAL			
CARRIER INFORMATION			
HANDLING UNIT	PACKAGE	WEIGHT	COMMODITY DESCRIPTION
QTY	TYPE	QTY	TYPE
<i>26</i>	<i>PLT</i>	<i>35844lbs</i>	<i>Model C Blue: 1008ctns, 21 pallets</i>
<i>PLT</i>		<i>lbs</i>	<i>Model C Red: 240ctns, 5 pallets</i>
GRAND TOTAL			
When the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____.		COD Amount: \$ _____ Fee Terms: Collect <input type="checkbox"/> Prepaid <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B). RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.			
SHIPPER SIGNATURE / DATE <i>[Signature]</i> <i>12-29-16</i>		CARRIER SIGNATURE / PICKUP DATE <i>[Signature]</i> <i>12-28-16</i>	



12/28/2016 BILL OF LADING				
<b>SHIP FROM</b> Name: Interworks Unlimited, Inc Address: 2418 Peck Road City/State: City of Industry, CA 90601 Contact: Sam Fang Tel: 562-692-8400 x110			Bill of Lading Number: 12292016/2 - Interworks  <div style="text-align: center;">BAR CODE SPACE</div>	
<b>SHIP TO</b> Name: Phoenix Warehouse - CA  Address: 9306 Sorensen Ave  City/State: Santa Fe Springs, CA 90670 Contact: Isabel Tel: 562-944-0888 x11			Carrier Name: lipstick transportation Trailer number:  Seal number(s): SCAC:	
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b> Name: OEC Shipping Los Angeles Inc Address: 13100 Alondra Blvd., Suite 100 City/State/Zip: Cerritos, CA, 90703			<div style="text-align: center;">BAR CODE SPACE</div>	
SPECIAL INSTRUCTIONS: For Interworks Same day service ready at 11am			Freight Charge Terms: <i>[Freight charges are prepaid unless marked otherwise]</i> Prepaid      Collect      3 <sup>rd</sup> Party XXX  <input type="checkbox"/> (check box) Master Bill of Lading: with attached underlying Bills of Lading	
CUSTOMER ORDER INFORMATION				
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/S LIP (CIRCLE ONE)	ADDITIONAL SHIPPER INFO
PO#6909	26 plts		Y    N	3 <sup>rd</sup> Shipments
GRAND TOTAL	ctn		N	
CARRIER INFORMATION				
HANDLING UNIT	PACKAGE	WEIGHT	COMMODITY DESCRIPTION	LTL ONLY
QTY	TYPE	QTY	TYPE	NMFC N CLASS
26	PLT			
		37352bs		
			Model C Black: 1152ctns	
			Model C Blue: 96ctns	
26		37358lbs		
PLT			GRAND TOTAL	
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____."			COD Amount: \$  Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B). RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.				
SHIPPER SIGNATURE / DATE <small>This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT.</small> 12-30-16			Trailer Loaded: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver  Freight Counted: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/master seal to contain <input checked="" type="checkbox"/> By Driver/Planes  CARRIER SIGNATURE / PICKUP DATE <small>Carrier acknowledges receipt of packages and required placards. Carrier certifies to merge not responsible for the loss of the goods and/or carrier liability. DOT emergency response guidebook or placards documentation in the vehicle. Property described above is retained in good order, except as noted.</small> 	

1/3/2017 <span style="float: right;">BILL OF LADING</span>									
<b>SHIP FROM:</b> Name: <i>Interworks Unlimited, Inc.</i> Address: <i>2418 Peck Road</i> City/State: <i>City of Industry, CA 90601</i> Contact: <i>Sam Fang</i> Tel: <i>5626938400 ext 100</i>				Bill of Lading Number: <i>1/03/2017 - Interworks</i>  <div style="text-align: center; border: 1px solid black; padding: 5px;">BAR CODE SPACE</div>					
<b>SHIP TO:</b> Name: <i>Phoenix Warehouse-CA</i>  Address: <i>9306 Sorensen Ave.</i>  City/State: <i>Sanra Fe Springs, CA 90670</i> Contact: <i>Isabel</i> Tel: <i>5629440888 ext 11</i>				Carrier Name: <i>Lipstick Trans.</i> Trailer number:  Seal number(s): SCAC:					
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b> Name: <i>OEC Shipping Los Angeles Inc</i> Address: <i>13100 Alondra Blvd., Suite 100</i> City/State/Zip: <i>Cerritos, CA, 90703</i>				<div style="text-align: center; border: 1px solid black; padding: 5px;">BAR CODE SPACE</div>					
<b>SPECIAL INSTRUCTIONS:</b> <i>Same day service pick up ready at 1pm</i> <i>Delivery: by 4pm today</i>				<b>Freight Charge Terms:</b> <i>(freight charges are prepaid unless marked otherwise)</i> Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party XXX <input checked="" type="checkbox"/> <input type="checkbox"/> Master Bill of Lading: with attached underlying Bills of Lading					
CUSTOMER ORDER INFORMATION									
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/SUP	ADDITIONAL SHIPPER INFO					
<i>P.O #6909</i>	<i>1248</i>	<i>35844</i>	<i>Y N</i>	<i>4TH Shipment</i>					
<b>GRAND TOTAL</b>			<i>Y N</i>						
CARRIER INFORMATION									
HANDLING UNIT		PACKAGE		WEIGHT	H.M (X)	COMMODITY DESCRIPTION <small>Commodity requiring special or additional care or attention in handling or moving must be so marked and packaged as to ensure safe transportation with ordinary care. <i>(See Section 2(a) of NMFC Item 380)</i></small>	LTL ONLY		
QTY	TYPE	QTY	TYPE				NMFC #	CLASS	
<i>26</i>	<i>PLT</i>			<i>35844 lbs</i>		<i>Model C White: 960ctns</i>			
						<i>Model C Black: 288ctns</i>			
<i>PLT</i>				<i>35844 lbs</i>		<i>Model C Black: 480ctns</i>			
<b>GRAND TOTAL</b>									
<small>Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:  The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____</small>						<b>COD Amount: \$</b> _____ <b>Fee Terms:</b> Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>			
<b>NOTE:</b> Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).						The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.			
<b>SHIPPER SIGNATURE / DATE</b> <small>This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT.</small> <i>[Signature] 01-3-17</i>				<b>Trailer Loaded:</b> X By Shipper <input type="checkbox"/> By Driver		<b>Freight Counted:</b> <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/Pieces X By Driver/Pieces		<b>CARRIER SIGNATURE / PICKUP DATE</b> <small>Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information is properly available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle.  <i>(See Section 2(a) of NMFC Item 380)</i></small> <i>[Signature]</i> <i>1-3-17</i>	



03185

1/4/2017 BILL OF LADING									
<b>SHIP FROM</b>					Bill of Lading Number: 1/04/2017 Interworks				
Name: <i>Interworks Unlimited, Inc.</i>					BAR CODE SPACE				
Address: <i>2418 Peck Road</i>									
City/State: <i>City of Industry, CA 90601</i>									
Contact: <i>Sam Fang</i>									
Tel: <i>56269384001ext100</i>									
<b>SHIP TO</b>					Carrier Name: <i>Lipstick Trans.</i>				
Name: <i>Phoenix Warehouse-CA</i>					Trailer number:				
Address: <i>9306 Sorensen Ave.</i>					Seal number(s):				
City/State: <i>Santa Fe Springs, CA 90670</i>					SCAC:				
Contact: <i>Isabel</i>									
Tel: <i>5629440888 ext 11</i>									
<b>THIRD PARTY FREIGHT CHARGES BILL TO:</b>									
Name: <i>OEC Shipping Los Angeles Inc</i>					BAR CODE SPACE				
Address: <i>13100 Alondra Blvd., Suite 100</i>									
City/State/Zip: <i>Cerritos, CA, 90703</i>									
SPECIAL INSTRUCTIONS: <i>Same day service pick up ready at 1pm</i>					Freight Charge Terms: <i>(freight charges are prepaid unless marked otherwise)</i>				
Delivery: <i>by 4pm today</i>					Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input checked="" type="checkbox"/>				
					<input type="checkbox"/> Master Bill of Lading with attached underlying Bills of Lading				
<b>CUSTOMER ORDER INFORMATION</b>									
CUSTOMER ORDER NUMBER			# PKGS	WEIGHT	PALLET/SUP (CIRCLE ONE)		ADDITIONAL SHIPPER INFO		
PO #6909					<input checked="" type="checkbox"/> Y <input type="checkbox"/> N		The 5th Shipment		
S.O #28484					<input type="checkbox"/> Y <input checked="" type="checkbox"/> N				
GRAND TOTAL									
<b>CARRIER INFORMATION</b>									
HANDLING UNIT		PACKAGE		WEIGHT	H.M <input checked="" type="checkbox"/>	COMMODITY DESCRIPTION <small>Circle entries requesting special or additional care or attention in handling or moving must be so marked and packaged as to insure safe transportation with ordinary care. See Section 7(e) of NMFC form 380</small>		LTL ONLY	
QTY	TYPE	QTY	TYPE					NMFC #	CLASS
17	PLT			23443 lbs		Model C Black: 432ctns (9pallets)			
						Model C Blue: 96ctns (2 Pallets)			
						Model C Red: 288ctns (6 Pallets)			
PLT				23443 lbs		GRAND TOTAL			
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____.						COD Amount: \$ _____			
						- Fee Terms: Collect <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>			
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).									
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.						The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.			
SHIPPER SIGNATURE / DATE <i>[Signature]</i> 1-4-17 <small>Tak is to certify that the above named materials are properly classified, described, packaged, marked and stowed, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT.</small>						Trailer Loaded: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver		Freight Counted: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/other code to mention <input checked="" type="checkbox"/> By Driver/Placers	
						CARRIER SIGNATURE / PICKUP DATE <i>[Signature]</i> 1-4-17 <small>Carrier acknowledges receipt of packages and required documents. Carrier certifies emergency response information was made available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle. Property described above is removed in good order, except as noted.</small>			



# EXHIBIT 25

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INTERWORKS UNLIMITED, INC.

Plaintiff,

v.

DIGITAL GADGETS, LLC,

Defendant.

CIVIL ACTION

MISC. NO. **18-mc-163**

ORDER

AND NOW, this 13<sup>TH</sup> day of August, 2018, upon consideration of the Motion of QVC, Inc. for Approval of Stipulated Protective Order, it is hereby ORDERED that the Motion is GRANTED. The Stipulated Protective Order set forth as Exhibit "D" to the Motion is hereby APPROVED.

BY THE COURT:



\_\_\_\_\_  
U.S.D.J.

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INTERWORKS UNLIMITED, INC.,	§	
	§	
Plaintiff,	§	CIVIL ACTION
	§	
v.	§	MISC. NO.
	§	
DIGITAL GADGETS, LLC,	§	
	§	
Defendant.	§	
	§	

**STIPULATED PROTECTIVE ORDER**

WHEREAS, on or about July 7, 2017, Interworks Unlimited, Inc., by and through its counsel (the "Plaintiff") commenced a civil action against defendant Digital Gadgets, LLC ("Defendant"), in the United States District Court for the Central District of California (the "California Court") styled and pending as *Interworks Unlimited, Inc. v. Digital Gadgets, LLC*, Case No. 2:17-cv-4983-AB-KS (the "California Action");

WHEREAS, Plaintiff asserts claims against Defendant in the California Action for, among other things, alleged breach of contract;

WHEREAS, Defendant denies the allegations and claims asserted against it in the California Action, and has asserted counterclaims against Plaintiff;

WHEREAS, on or about June 27, 2018, Plaintiff directed a subpoena *ad testificandum* (the "Subpoena") to QVC, Inc. ("QVC") under the authority of the California Court seeking certain testimony of a corporate designee of QVC, as set forth in the Subpoena;

WHEREAS, on or about August 2, 2018, Defendant served a subpoena *ad testificandum* (which the Parties agree would be considered a "Subpoena" as defined herein) under the

authority of the California Court seeking certain testimony of a corporate designee of QVC, as set forth in the Subpoena;

WHEREAS, on or about August 2, 2018, Defendant served a subpoena upon QVC (which the Parties agree would be considered a "Subpoena" as defined herein), seeking the production of documents, as set forth in the Subpoena;

WHEREAS, Plaintiff has indicated that it may serve on QVC a subpoena for documents as well (which the Parties agree would be considered a "Subpoena" as defined herein), seeking the production of documents related to the hoverboards QVC purchased from the Plaintiff and the hoverboards purchased from the Defendant, TechPoint, LLC and any of their affiliated entities;

WHEREAS, QVC is not a party to the California Action and no claims are asserted against it in the California Action;

WHEREAS, QVC is a general merchandise electronic retailer that markets and distributes a wide variety of products directly to consumers through various means and media, including, among other things, through its merchandise-focused, direct response television programming;

WHEREAS, QVC timely served objections to the Subpoena upon Plaintiff pursuant to Fed. R. Civ. P. 45(c)(2)(B), maintaining that the information sought by the Subpoena constitutes QVC's confidential and propriety business and financial information protected from disclosure;

WHEREAS, QVC contests the validity and scope of the Subpoena;

WHEREAS, QVC, among other things, maintains that the Subpoena impermissibly seeks production of confidential and proprietary materials pertaining to QVC's business and financial affairs;

WHEREAS, QVC, among other things, maintains that compliance with the Subpoena, without reimbursement of the expense required for compliance, contravenes the protections to which QVC is entitled under Fed. R. Civ. P. 45(c)(3);

WHEREAS, among other things, QVC maintains that the Subpoena contravenes the permissible scope of discovery under Fed. R. Civ. P. 26(b)(1) in that it seeks production of documents and information neither relevant nor reasonably calculated to lead to discovery of admissible evidence with respect to the parties' respective claims or defenses at issue in the California Action;

WHEREAS, Plaintiff and Defendant maintain that the Subpoena is a permissible exercise and use of Fed. R. Civ. P. 45;

WHEREAS, Plaintiff and Defendant maintain that the Subpoena seeks production of documents and information either relevant or reasonably calculated to lead to discovery of admissible evidence with respect to the parties' respective claims and/or defenses at issue in the California Action;

WHEREAS, as a result of discussions by and between QVC, Plaintiff, and Defendant, through their respective counsel, Plaintiff and Defendant are amenable to clarifying and limiting the scope and categories of documents and/or other tangible things sought by the Subpoena;

WHEREAS, QVC maintains that the Subpoena, even as limited, seeks confidential and proprietary materials pertaining to QVC's business and financial affairs and contravenes the protections to which QVC is entitled under Fed. R. Civ. P. 45(c)(3);

WHEREAS, QVC is amenable to producing certain requested documents and/or other tangible things, as limited by this Stipulated Protective Order and to the extent that the same may exist, pursuant to the terms and conditions set forth below;

WHEREAS, unrestricted production or disclosure of information, documents and/or other tangible things constituting asserted proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or documents and/or other tangible things may cause clearly defined and serious injuries to QVC. *See Pansy v. Borough of Stroudsburg*, 23 F.2d 772, 786 (3d Cir. 1994);

WHEREAS, protections are necessary to preserve and protect from QVC's competitors and vendors the confidentiality of QVC's proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or information, documents and/or other tangible things;

WHEREAS, QVC's confidential materials concern matters of little or no legitimate public interest and there is no harm to the public interest or policy from the preservation and protection of the confidentiality of QVC's proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or information, documents and/or other tangible things;

WHEREAS, there exists "good cause" for the protection of QVC's confidential materials pursuant to Rule 26(c) of the Federal Rules of Civil Procedure, particularly with regard to the disclosure of QVC's confidential and proprietary business information;

WHEREAS, upon execution of this Stipulated Protective Order and approval by the Pennsylvania Court, Plaintiff, Defendant and QVC have settled, compromised and resolved the outstanding issues between them, as set forth herein, concerning the Subpoena;

WHEREAS, Plaintiff, Defendant and QVC desire to resolve the within dispute in an amicable fashion; and



It is **STIPULATED** and **AGREED** between and among QVC, Plaintiff and Defendant, by and through their respective counsel, and subject to the approval of the United States District Court for the Eastern District of Pennsylvania (the "Pennsylvania Court"), as follows:

1. QVC shall be required to produce a corporate designee on behalf of QVC, Inc., only, and not on behalf of any other person or entity, to testify about QVC's "purchase of hoverboards from [Defendant] and TechPoint, LLC in the last three years," QVC's "purchase of hoverboards from [Plaintiff]", and "the specifications of and testing related to the [hoverboards]." In response to the Subpoena, QVC has reviewed its files for terms and names set forth in the Subpoena, as well as purchases and other data. QVC shall not be required to undertake excessive measures to locate any information described above, to the extent that the same may exist. Any other requests for testimony pursuant to Subpoena are deemed withdrawn, with prejudice, upon approval of this Stipulated Protective Order by the Pennsylvania Court.

2. QVC shall be required to produce the documents described in the Subpoena (to the extent that the same exist) in hard copy format only. QVC shall be required to produce such documents (to the extent that they exist) on behalf of QVC, Inc., only, and not on behalf of any other person or entity. In response to the Subpoena, QVC will review its files for terms and names set forth in the Subpoena, as well as sales and other data. QVC shall not be required to undertake excessive measures to locate any documents described above, to the extent that the same may exist. Any other requests for the production of documents and/or tangible things pursuant to the Subpoena are deemed withdrawn.

3. Any and all testimony, transcripts of testimony and exhibits attached to the transcripts of testimony as described in Paragraph 1 above and any and all documents described in Paragraph 2 above (hereinafter referred to collectively as the "Confidential Material") and produced by QVC for deposition and/or for inspection and copying pursuant to this Stipulated Protective Order shall be deemed to be "confidential" under the terms of this Stipulated Protective Order and within the meaning of Fed. R. Civ. P. 26(c) and the cases decided thereunder concerning confidential trade secrets, research, development, commercial or other financial information. Any inadvertent failure by QVC not to so mark any or all of the Confidential Material shall not constitute a waiver by QVC of the protections of this Stipulated Protective Order.

4. The Confidential Material, and all copies thereof, shall bear the designation "CONFIDENTIAL" by writing or stamping the same on the cover or first page and each page thereafter.

5. No copies of the Confidential Material shall be made by Plaintiff or Defendant, except to the extent necessary in the preparation for any deposition, hearing or trial conducted in connection with the California Action or the filing of any motion, brief or memoranda in connection with the California Action, and, in either case, only in accordance with the terms and provisions of this Stipulated Protective Order. If the duplicating process by which copies of the Confidential Material are made does not reproduce the "CONFIDENTIAL" designation appearing on the original, all copies shall be so stamped or designated as "CONFIDENTIAL" by some other means.

6. The Confidential Material may not be used and/or disclosed by Plaintiff or Defendant (including, without limitation, any legal counsel, representative, employee or agent thereof) except for purposes of prosecution or defense of the California Action (and any appeals arising from the California Action) only, and then only to the following persons:

(a) The respective outside legal counsel of record for Plaintiff and Defendant in the California Action and no more than two (2) respective in-house counsel for each of Plaintiff and Defendant who are responsible for the prosecution or defense of the California Action (hereinafter referred to collectively as "Legal Counsel", unless stated otherwise) and the respective professional and clerical secretarial and other support personnel of such Legal Counsel necessary to assist in the prosecution or defense of the California Action;

(b) Experts who are retained to consult with or assist Legal Counsel in the preparation for any deposition, hearing or trial conducted in connection with the California Action;

(c) Witnesses, in the course of deposition or trial testimony in connection with the California Action, but only where, in the reasonable and "good faith" belief of Legal Counsel, examination with respect to such Confidential Material is necessary for legitimate discovery or trial purposes in connection with the California Action, and then only subject to satisfaction of the requirements of Paragraphs 7 and 8 below;

(d) The Plaintiff and Defendant and employees of same, but only where such employees, in fact, are actively involved in assisting Legal Counsel for the purposes of prosecuting or defending the California Action, and have a need to see such Confidential Material in connection with the prosecution or defense of the California Action, and then, in any event, subject to satisfaction of the requirements of Paragraph 8 below; and

(e) The Pennsylvania Court and the California Court, and their respective employees, as well as any court reporters transcribing deposition or trial testimony taken in connection with the California Action.

7. Where QVC makes a "good faith" determination that certain Confidential Material is extraordinarily confidential and sensitive (because, among other reasons, such Confidential Material may contain, among other things, information relating to confidential business practices, customers or prospective customers, and/or vendors or prospective vendors; information that is competitively sensitive or strategic in nature; sensitive financial data; and/or business or marketing plans, any and all of which could be used by Plaintiff, Defendant or others for commercial use or to otherwise harm QVC's competitive position) and, therefore, is inappropriate for treatment only as Confidential Material under Paragraphs 1 through and including 5 above, such extraordinarily confidential and sensitive Confidential Material may be designated by QVC as "Confidential-For Attorneys' Eyes Only" and shall be treated as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" under the terms of this Stipulated Protective Order. Confidential Material designated as "CONFIDENTIAL-FOR ATTORNEYS'

EYES ONLY" shall be marked as such by writing or stamping the same on the cover or first page and each page thereafter with the designation "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY." Confidential Material designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" shall not be used and/or disclosed by Plaintiff or Defendant (including, without limitation, any legal counsel, representative, employee or agent thereof) to any person other than except for purposes of prosecution or defense of the California Action (and any appeals arising from the California Action) only, and then only to the following persons:

- (a) Outside legal counsel of record for Plaintiff and Defendant, respectively, in the California Action and/or the Pennsylvania Court and the respective professional and clerical secretarial and other support personnel of such outside legal counsel necessary to assist in the prosecution or defense of the California Action;
- (b) Experts who are retained to consult with or assist outside legal counsel in the prosecution or defense of the California Action;
- (c) Witnesses, in the course of deposition or trial testimony in connection with the California Action, but only where such witness is either a signatory, author, addressee, or recipient of such material, and then only subject to satisfaction of the requirements of Paragraphs 7 and 8 below;
- (e) The Pennsylvania Court and the California Court, and their respective employees, as well as any court reporters transcribing deposition or trial testimony taken in connection with the California Action.

Absent QVC's express written consent, there shall be no use of Confidential Material designated as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" that is produced by QVC pursuant to this Stipulated Protective Order in any manner contrary to the restrictions and limitations set forth in this Stipulated Protective Order.

8. Under no circumstances shall any Confidential Material (including, without limitation, any Confidential Material designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") be used by Plaintiff or Defendant, or any respective agent or representative of Plaintiff or Defendant, or any third party, for any business, commercial, competitive, personal purposes; and/or for any purpose other than the prosecution or defense of the California Action or any appeals arising therefrom; and/or in connection with any litigation other than the California Action or any appeals arising therefrom.

9. Before disclosure of any Confidential Material pursuant to this Stipulated Protective Order to persons described in Paragraph 5(b) through and including 5(d) above, or to in-house counsel for either Plaintiff or Defendant, or the respective professional and clerical secretarial and other support personnel of any such in-house counsel, as described in Paragraph 5(a) above, all such persons shall read this Stipulated Protective Order and shall acknowledge and evidence that he or she is bound by its terms by signing and dating the acknowledgement form set forth in Exhibit "A" hereto. There shall be no disclosure of Confidential Material to any persons described in Paragraph 5(b) through and including 5(d) above, or to in-house counsel for

either Plaintiff or Defendant, or the respective professional and clerical, secretarial and other support personnel of such in-house counsel, as described in Paragraph 5(a) above, unless and until there has been compliance with the requirements of this Paragraph or an Order is entered in accordance with Paragraph 9 below compelling such person(s) to comply with this Stipulated Protective Order or otherwise providing that such person is bound by this Stipulated Protective Order. A copy of the executed acknowledgement form for such person shall be provided to counsel for QVC (directed to Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: *Amy.Kline@saule.com*), but shall not be filed with the Pennsylvania Court or the California Court. The respective witnesses for Plaintiff and Defendant at any deposition, hearing and/or trial in the California Action will comply with the requirements of this Paragraph 8 as a prerequisite to their testimony in the California Action. The respective outside legal counsel of record for Plaintiff and Defendant in the California Action, as well as their respective clerical, secretarial and paralegal personnel, agree to be, and are, bound by the terms of this Stipulated Protective Order without need to execute the aforesaid acknowledgement form.

10. In the event that a person identified in Paragraph 5(b) through 5(d) is unwilling to agree to comply with, and be bound by, this Stipulated Protective Order, Plaintiff or Defendant, as the case may be, may move the Pennsylvania Court for an Order compelling such person to comply with this Stipulated Protective Order or otherwise providing that such person is bound by this Stipulated Protective Order. In the event that any such motion is filed, the Confidential Material shall not be disclosed to such person prior to entry of an Order by the Pennsylvania Court granting such motion or the person in question otherwise agrees to be bound by, and to comply with, this Stipulated Protective Order by written acknowledgement in the manner described in Paragraph 8 above.

11. In the event that any Confidential Material, or any portion thereof, is utilized at any deposition, proceeding, hearing and/or trial in connection with the California Action, the transcript(s) of any testimony and the copy(ies) of any exhibit(s) relating or referring to the Confidential Material shall be placed in a separate envelope or container, marked "CONFIDENTIAL PURSUANT TO ORDER ENTERED IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA." Such envelope or container shall on its face, or by a document permanently affixed thereto, state further that it has been filed under seal and/or is designated as confidential pursuant to this Stipulated Protective Order, and is not to be opened nor the contents displayed or revealed except pursuant to the provisions of this Stipulated Protective Order or upon further Order of the Pennsylvania Court. To the extent possible, documents and/or other tangible things containing Confidential Material that are utilized at any deposition, proceeding, hearing and/or trial in connection with the California Action should be redacted to protect the Confidential Material in any such documents and/or other tangible things, rather than be filed under seal pursuant to this Paragraph.

12. In the event that any Confidential Material, or any portion thereof, is utilized at any deposition in connection with the California Action, only the stenographer transcribing such deposition and those persons who are authorized pursuant to the terms of this Stipulated Protective Order to receive such Confidential Material may be present. The stenographer

transcribing such deposition shall be considered to be a person within the meaning and scope of Paragraph 5(e) above.

13. In the event that any Confidential Material, or any portion thereof, is used in connection with any legal brief, pleading, memorandum, motion, or other legal paper filed of record in connection with the California Action, such Confidential Material shall be filed and maintained under seal. The Confidential Material so filed shall not be made available to any person other than those persons identified in Paragraph 5 above and in the manner, and subject to, the restrictions described in this Stipulated Protective Order. Any Confidential Material so filed shall be placed in a separate envelope or container, marked "CONFIDENTIAL PURSUANT TO ORDER ENTERED BY THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA." Such envelope or container shall on its face, or by a document firmly affixed thereto, further state that it has been filed under seal pursuant to this Stipulated Protective Order, and is not to be opened nor the contents displayed or revealed except pursuant to the provisions of this Stipulated Protective Order. To the extent possible, documents and/or other tangible things containing Confidential Material that are filed with the California Court should be redacted to protect the Confidential Material in any filed documents and/or other tangible things, rather than be filed under seal pursuant to this Paragraph. Notwithstanding anything contained in the above Paragraphs 5 and 7 through 11 and this Paragraph 12 to the contrary, the provisions of Paragraph 6 above shall govern and control use of documents and/or other tangible things designated as "CONFIDENTIAL – FOR ATTORNEYS' EYES ONLY."

14. In the event that the Confidential Material (or documents and/or other tangible things designated as "CONFIDENTIAL – FOR ATTORNEYS' EYES ONLY") should be disclosed to any person other than in the manner authorized by this Stipulated Protective Order, any person bound by this Stipulated Protective Order responsible for any such disclosure shall (a) promptly inform QVC (Attn: Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: [Amy.Kline@saul.com](mailto:Amy.Kline@saul.com)) of such disclosure and of all pertinent facts relating to such disclosure; (b) inform the person to whom such disclosure was made of the existence and terms of this Stipulated Protective Order; (c) make all reasonable and diligent efforts to retrieve any disclosed Confidential Material and to prevent further disclosure by each and every unauthorized person who received the Confidential Material or who learned the information contained therein; and (d) make all reasonable and diligent efforts to have the unauthorized person or persons in possession of the disclosed Confidential Material execute the acknowledgement form set forth in Exhibit "A" hereto, and evidencing thereupon his/her/their agreement to be bound by the terms of this Stipulated Protective Order.

15. Nothing in this Stipulated Protective Order shall require disclosure of information, documents and/or other tangible things which QVC contends is protected from disclosure or protection by any applicable privilege or protection, including, without limitation, the attorney-client privilege, the Pennsylvania statutory accountant-client privilege or the attorney "work-product" doctrine, all of which are preserved and shall not be deemed or construed to be waived by this Stipulated Protective Order. To the extent any documents responsive to the Subpoena are withheld on the basis of privilege, QVC will provide a log of those documents and the basis for the claim of privilege.



16. This Stipulated Protective Order shall not be amended, modified or varied except pursuant to a writing executed by all of the parties hereto and subsequently approved by the Court.

17. Either Defendant or Plaintiff, at any time, may request that QVC withdraw a designation of "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" with respect to any document and/or other tangible thing asserted by QVC to be Confidential Material. Such request shall be made in writing to counsel for QVC (Attn: Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: *Amy.Kline@saul.com*), and shall particularly identify the designated Confidential Material that Defendant and/or Plaintiff maintain should not be designated as "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" and shall set forth the reasons supporting the contentions as to why the subject document and/or other tangible thing in question should not be designated as "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**." If QVC does not agree to withdraw the designation of "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" designation with respect to the document and/or other tangible thing in question, the Plaintiff and/or Defendant may thereupon move the Pennsylvania Court for entry of an Order determining that the document and/or other tangible thing in question does not constitute Confidential Material and/or should not be designated as "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" and should not be treated as such under the provisions of this Stipulated Protective Order.

18. This Stipulated Protective Order shall be governed, interpreted and construed pursuant to the internal substantive laws of the Commonwealth of Pennsylvania, without regard to conflict of laws principles. The Pennsylvania Court shall have the exclusive jurisdiction of all matters and disputes arising from the interpretation and enforcement of this Stipulated Protective Order, including, without limitation, any and all challenges by Plaintiff or Defendant to any designation by QVC of any document or other tangible thing as either Confidential Material or Confidential Material further designated as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**" as set forth in Paragraph 16 above and/or any and all disputes pertaining to assertions of privilege or "work product" protection by QVC in furtherance of Paragraph 14 above.

19. Notwithstanding anything contained in this Stipulated Protective Order to the contrary, this Stipulated Protective Order shall not be construed or deemed to negate, supersede or novate (a) the provisions or terms of any and all other agreements or contracts by and between QVC, on the one hand, and any and all other parties.

20. Unless otherwise agreed in writing by QVC, within thirty (30) days after the dismissal of, or the entry of final judgment in, the California Action, and the exhaustion of all appeals therefrom, the Confidential Material (excluding only that Confidential Material which has been filed with the court in the California Action pursuant to Paragraph 12 above), including any and all documents and/or other tangible things designated and marked as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**", shall be returned by Plaintiff and Defendant to QVC, through its undersigned counsel, or, in the case of any and all Confidential Material other than documents and/or other tangible things designated and marked as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**", destroyed. In the event that either


Plaintiff or Defendant elect to destroy Confidential Material in lieu of returning the same to QVC, written certification thereof shall be provided to QVC, through the undersigned counsel. Any "attorney work-product" materials, as may be designated as such, which includes or references the Confidential Material may be retained by counsel, provided that any and all inclusions of, and/or references to, the Confidential Material (including any and all documents and/or other tangible things designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") in such "attorney work-product" materials are destroyed and a written certification of such destruction is provided to QVC, through its undersigned counsel.

21. This Stipulated Protective Order shall be binding upon, and inure to the benefit of, the respective successors and assigns of QVC, Plaintiff and Defendant.

22. This Stipulated Protective Order may be executed and delivered by telefacsimile or electronic transmission and in any number of counterparts, all of which together shall be one document.

**SO STIPULATED AND AGREED:**

SAUL EWING ARNSTEIN & LEHR LLP

By:   
Amy S. Kline, Esquire  
1500 Market Street  
Centre Square West, 38th Floor  
Philadelphia, PA 19102  
Telephone: 215.972.8567

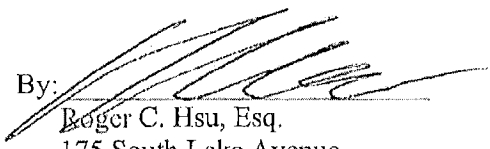
*Attorneys for Non-Party QVC, Inc.*

LAZARUS & LAZARUS, P.C.

By: \_\_\_\_\_  
Harlan M. Lazarus, Esq.  
240 Madison Avenue  
8<sup>th</sup> Floor  
New York, NY 10016  
Telephone: 212.889.7400

*Counsel for Defendant*

LAW OFFICES OF ROGER C. HSU

By:   
Roger C. Hsu, Esq.  
175 South Lake Avenue  
Suite 210  
Pasadena, CA 91101  
Telephone: 626.792.7936

*Attorneys for Plaintiff  
Interworks Unlimited, Inc.*

Plaintiff or Defendant elect to destroy Confidential Material in lieu of returning the same to QVC, written certification thereof shall be provided to QVC, through the undersigned counsel. Any "attorney work-product" materials, as may be designated as such, which includes or references the Confidential Material may be retained by counsel, provided that any and all inclusions of, and/or references to, the Confidential Material (including any and all documents and/or other tangible things designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") in such "attorney work-product" materials are destroyed and a written certification of such destruction is provided to QVC, through its undersigned counsel.

21. This Stipulated Protective Order shall be binding upon, and inure to the benefit of, the respective successors and assigns of QVC, Plaintiff and Defendant.

22. This Stipulated Protective Order may be executed and delivered by telefacsimile or electronic transmission and in any number of counterparts, all of which together shall be one document.

**SO STIPULATED AND AGREED:**

SAUL EWING ARNSTEIN & LEHR LLP

LAW OFFICES OF ROGER C. HSU

By: \_\_\_\_\_  
Amy S. Kline, Esquire  
1500 Market Street  
Centre Square West, 38th Floor  
Philadelphia, PA 19102  
Telephone: 215.972.8567

*Attorneys for Non-Party QVC, Inc.*

LAZARUS & LAZARUS, P.C.

By: \_\_\_\_\_  
Harlan M. Lazarus, Esq.  
240 Madison Avenue  
8<sup>th</sup> Floor  
New York, NY 10016  
Telephone: 212.889.7400

*Counsel for Defendant*

By: \_\_\_\_\_  
Roger C. Hsu, Esq.  
175 South Lake Avenue  
Suite 210  
Pasadena, CA 91101  
Telephone: 626.792.7936

*Attorneys for Plaintiff  
Interworks Unlimited, Inc.*

*Digital Gadgets, LLC*

**APPROVED AND SO ORDERED**  
**THIS        DAY OF        2018**

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**U.S.D.J.**

*Digital Gadgets, LLC*

APPROVED AND SO ORDERED  
THIS 13<sup>th</sup> DAY OF August 2018



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U.S.D.J.



## EXHIBIT "A"

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

\_\_\_\_\_  
INTERWORKS UNLIMITED, INC.,

Plaintiff,

v.

DIGITAL GADGETS, LLC,

\_\_\_\_\_  
Defendant.

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§  
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§  
§

CIVIL ACTION

MISC. NO.

**ACKNOWLEDGEMENT TO BE BOUND  
BY STIPULATED PROTECTIVE ORDER**

I HEREBY AGREE TO THE CONTENTS OF THE FOREGOING STIPULATED PROTECTIVE ORDER AND ALSO SUBMIT TO THE JURISDICTION OF THE U.S. DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA IN REGARD TO THE ENFORCEMENT OF THIS ORDER. I UNDERSTAND THAT IF I VIOLATE THIS ORDER, I KNOW THAT I MAY BE SUBJECT TO SANCTIONS FOR SUCH VIOLATION.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_